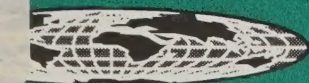


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Weights and Measures

The metric system of weights and measures is used in this report. The following are conversions to the U.S. system of weights and measures.

1 hectare (ha) = 2.47109 acres

1 kilogram (kg) = 2.204622 pounds

1 liter = 1.0567 quarts

1 metric ton of liquid milk = 971 liters

1 metric ton (mt) = 2,204.622 pounds

1 metric ton = 1.102311 short tons

1 metric ton of wheat = 36.7437 bushels

1 metric ton of corn = 39.368 bushels

1 metric ton of barley = 45.9296 bushels

1 metric ton of refined sugar = 1.087 metric tons of raw sugar

The July 1994 exchange rate of \$1.22 per ECU is used in this report. The "switchover coefficient" of 1.207509 is used to convert policy prices and amounts into market ECUs.

EC Now Named European Union

The entry into force of the Maastricht Treaty on European Union on November 1, 1993, introduced some changes in terminology regarding the European Community and some of its institutions. Hereinafter, the European Community will be referred to as the European Union and the EC Commission will be referred to as the European Commission.

Summary

The European Union (EU) faces two major changes in 1995: implementation of the Uruguay Round and the admission of new members.

The EU will begin adjusting its agricultural policy to meet commitments in the Uruguay Round of the General Agreement on Tariffs and Trade, scheduled to take effect in 1995. The main impact will be the limits imposed on the EU's subsidized exports. The constraints require reductions in subsidized exports of wheat, coarse grains, pork, beef, poultry, and cheese. Policy changes under CAP reform have already substantially reduced internal support for most commodities. Under the Uruguay Round, the EU must convert all non-tariff barriers, such as variable levies and import quotas, to equivalent tariffs and establish tariff-rate quotas to ensure current and minimum access.

In its fourth enlargement, the EU will widen its membership to include Austria, and possibly Finland, Norway, and Sweden. The EU concluded membership negotiations with the four countries in March 1994 as they secured the necessary support to protect arctic and alpine agriculture. Austria will join the EU on January 1, 1995, while the others will decide whether to join in national referenda scheduled for this fall. Prices and production for most commodities in the applicant countries will drop after accession. The United States will likely face higher tariffs for some commodities in these countries, including long-grain parboiled rice, some nuts, many processed and fresh fruits and vegetables, and tobacco.

In fiscal 1994, U.S. agricultural exports to the EU are expected to fall slightly below the previous year, largely due to lower exports of oilseeds and oilseed products, which fell in response to stronger world prices. During October 1993/June 1994, U.S. agricultural exports to the EU were valued at \$5.3 billion, compared with \$5.9 billion during the first 9 months of fiscal 1993. Farm imports from the EU are expected to remain unchanged from the previous year.

EU grain production is expected to drop slightly in 1994 because of adverse weather. Planted area increased nearly 2 percent from last year as base areas were modified. Record high grain intervention stocks were reduced significantly during 1993/94, as the use of grain for feed increased and the European Commission sought to export stocks before the Uruguay Round takes effect.

Higher market prices and favorable weather conditions at planting time have boosted 1994 oilseed output during this first year of the U.S.-EU oilseed agreement. However, EU oilseed area and production could decline in 1995 due to lower market prices and expected penalties for overplanting in key oilseed-producing countries.

After record output in 1993/94, EU sugar production is expected to return to more normal levels this year. Sugar producers and industry officials once again await the release of the EU sugar reform proposal, now expected in the fall.

Producers increasingly use set-aside land to grow crops for industrial uses. Oilseeds, grains, and sugarbeets are now used to produce motor fuels, lubricants, paints, and chemicals. Policy changes could encourage increased industrial crop production, but processing capacity, oilseed area limitations, and poor profitability will limit growth.

The EU will remain a major exporter of meat and poultry products in 1994 and beyond, as CAP reform has not solved the costly problem of surplus production. Pork exports are expected to grow to nearly 700,000 tons in 1994, while poultry exports will exceed 600,000 tons. Several policy changes under CAP reform have sharply reduced intervention beef stocks. Less intervention beef available for export and larger shipments of live animals will bring 1994 beef exports below 1 million tons for the first time since the 1980s. Milk production is expected to decline slightly in 1994/95. The EU is the world's largest exporter of dairy products, particularly cheese.

Despite further reductions in support prices, EU farm income could rise in 1994 due to large production, increased direct payments, and greater demand for farm products. Government support--price support and direct payments--provides approximately half of gross revenue for EU grain, oilseed, and livestock producers.

The EU member states began to pull slowly out of recession in 1994, and EU gross domestic product is expected to improve again in 1995. Despite the economic recovery, unemployment will not fall. The agricultural economy is dominated by CAP reform, which set support prices for major commodities through 1995/96. The EU agricultural budget will increase to nearly 37 billion ECU (\$45 billion) in 1994 as arable crop payments implemented under CAP reform shift some support from consumers to taxpayers. The cost of the CAP to taxpayers will continue to rise under CAP reform, because the EU uses direct payments to compensate farmers for price cuts.

EU membership could increase again as the countries of central and eastern Europe (CEE) seek to join. Prospects for CEE agriculture are expected to improve in the next few years as economic growth returns. The Uruguay Round commitments made by the CEEs are not expected to constrain development of their agricultural sectors and trade liberalization could create new outlets for their products.

The Macroeconomy and the Agricultural Economy

Recovery from the recession that hit the European Union (EU) in 1993 has been slow and uneven. Growth is expected to accelerate in 1995, but unemployment problems are expected to remain. The agricultural economy is dominated by the evolution of prices under CAP reform. The 1994/95 price package did not change those prices set under CAP reform, and maintained existing prices for other products. [Mary Lisa Madell]

The economies of EU member states began to pull out of recession in 1994, but at a slow pace. The European recession followed similar slowdowns in the United States and Japan, and was complicated by German monetary restrictions designed to curb inflation. The German monetary authorities, concerned about the inflationary impact of government financing of unification, have kept interest rates high. The recession saw the west German economy--the EU's largest--contract 1.3 percent in 1993.

Estimates of gross domestic product (GDP) for 1994 indicate that all EU member countries will show positive, but relatively small, growth. The German and French economies, accounting together for about half of EU GDP, are expected to post GDP growth of 1.5 and 1.9 percent, respectively. The largest growth rates will be in the United Kingdom, Denmark, and Ireland. The recession began earlier and lasted longer in the U.K. than in other EU countries. The U.K. economy showed relatively strong growth in 1993, and improved again in 1994. Denmark has adopted fiscal policy measures, such as income tax cuts and incentives for industry, that are more geared to stimulating the economy than other EU countries.

The economic picture for 1995 is considerably brighter. All EU member countries' GDPs are forecast to grow 2 percent or more. The recovery in Germany will be a key factor in sustaining growth in other EU countries. The Bundesbank, Germany's central bank and chief monetary authority, has begun a cautious loosening of interest rates. This should encourage expansion in Germany, and will allow other EU countries, whose currencies are tied to the Deutschemark, to cut their interest rates too. Growth in eastern Germany, where unification sharply reduced output, is very strong and expected to continue. Another factor will be economic expansion outside the EU. As the United States and Japan pull out of their slowdowns, demand for EU products will increase.

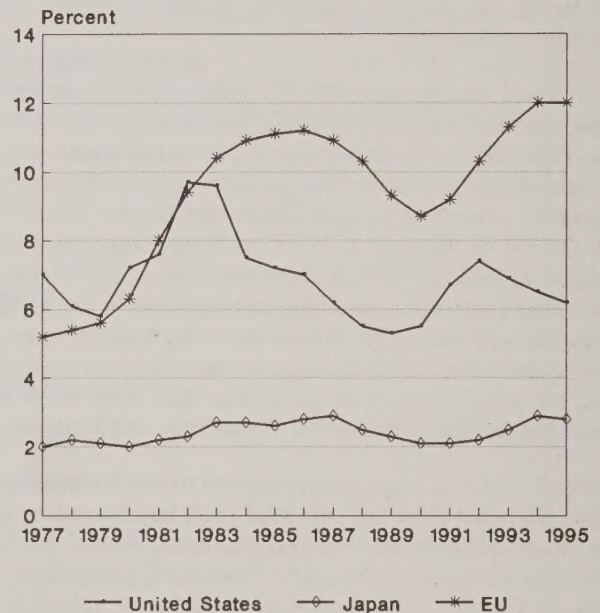
Unemployment To Grow Despite Recovery

Economic contraction raised unemployment rates in most EU countries, where they were already well above those in the United States or Japan. Despite the recovery in economic growth, unemployment is not expected to decline in 1994, and is forecast to remain high in 1995 (figure 1.1). CAP reform could increase the rate at which people leave the agricultural sector. However, people leaving farming would face limited employment opportunities.

Unemployment in EU countries has become a very serious political and social problem. The G-7 countries (the United

Figure 1.1

Unemployment Rates



Projections for 1994 and 1995.
Source: OECD.

States, the United Kingdom, France, Japan, Canada, Italy and Germany) held a special conference on unemployment and job creation in Detroit in early 1994. The European Commission published a White Paper in December 1993 that emphasized the importance of economic growth and investment in generating new employment.

The White Paper presented the Commission's strategy to combat unemployment:

- strengthen progress toward economic and monetary union, and a single European currency;
- attain a just and equitable GATT agreement;
- strengthen investment in research and development;
- increase investment in transport and telecommunications infrastructure;
- stimulate the full range of information technologies;

- strengthen investment in, and effective orientation of EU human resources to new market and social demands; and
- develop and improve special measures aimed at reintegrating the unemployed, and broaden related work on sustaining and creating jobs.

At the June 24-25, 1994 European Council on Corfu, the heads of state emphasized the need for greater labor market flexibility, and the economic importance of small and medium-sized enterprises. They endorsed a greater opening in the energy and telecommunications sectors, and a number of high priority trans-European projects in these sectors.

EU unemployment has developed a structural component and has trended up over time. Padraig Flynn, EC Commissioner for Social Affairs and Employment Policy, has stated that average unemployment has risen steadily since the 1960s, when it stood at 2 percent, to the 1980s, which saw levels of 10 percent. The current situation indicates that the upward trend is continuing. Some analysts believe that economic growth alone will not significantly reduce EU unemployment, because it does not address the causes of structural unemployment. These causes are seen in the high degree of regulation of labor markets, and social welfare programs that can make unemployment preferable to low-wage employment. The cost of labor to employers, as measured by the share of social insurance contributions and taxes, is higher in the EU than in the United States or Japan.

Wage-setting practices contribute to this structural element. In general, wages in the EU were not responsive to the economic slowdown. Wage growth continued despite the recession, discouraging employers from increasing their workforce or output. According to Commissioner Flynn, the EU's employment policy will aim for structural changes that redistribute jobs and income. Economic growth should expand employment opportunities for all workers, rather than increasing incomes only for the already employed.

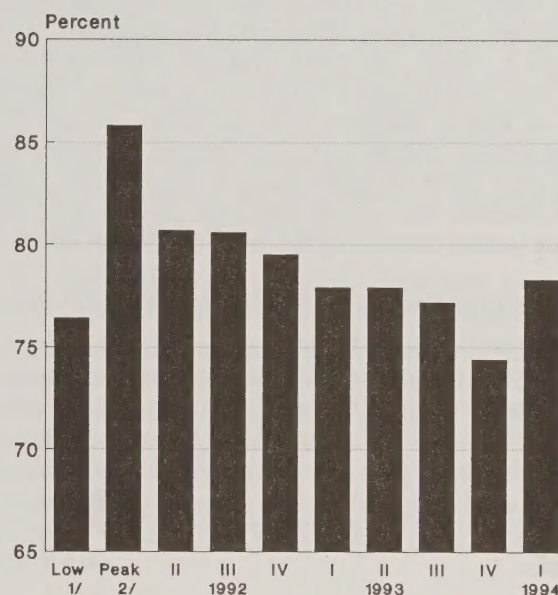
EU governments and employers are attempting to increase labor market flexibility. For example, German wage negotiations this year produced extremely modest results in terms of wage increases. Employers also obtained some labor market flexibility, such as modified work schedules. Generally, employees were willing to sacrifice wage growth for job security. The French government, by contrast, has experienced significant problems in developing an employment policy. A proposal by the Balladur government to allow young people to be paid a lower minimum wage in exchange for training was withdrawn after violent protests by students and youth.

EU Recovery Not Sparking Inflation

Economic growth in the United States, estimated slightly higher than EU rates for 1994, has already created fears of inflationary pressures. Inflation rates in the EU are quite low in most countries (major exceptions are Greece and Portugal), and should fall from 1993 levels in 1994. In the first quarter of 1994, EU capacity utilization was above 1993 levels, but still below the peak reached during 1988-90 (figure 1.2).

Figure 1.2

Capacity Utilization in the EU



1/ 1981/83.

2/ 1988/90.

Source: European Commission.

German inflation, at 4.7 percent in 1993, was higher than the Bundesbank considers acceptable. However, more restrained growth in the money supply in 1993 and 1994 reduced inflation in 1994, and it should decline to a more acceptable 2.4 percent in 1995. The Bundesbank has begun a cautious lowering of interest rates, and other EU central banks have followed suit.

High unemployment does not necessarily mean that the EU recovery will not bring inflation. In the U.K., which entered the recession sooner and began recovery in 1993, the first warnings of inflation have been sounded. In May 1994, the Bank of England reported that growth in the money supply and underlying average earnings had picked up. U.K. interest rates may have to rise to combat inflationary pressures.

The Maastricht Treaty provisions on economic and monetary union call for convergence of inflation rates in the member countries. The inflation rate in any member country should be within 1.5 percentage points of the rate in the three countries with the lowest inflation. Because of the political importance of meeting the Maastricht goals, member state governments are expected to make every effort to contain inflation.

Stable Exchange Rates, Low Interest Rates

EU exchange rates appear relatively stable within the new, wider bands of the Exchange Rate Mechanism (ERM). The bands of fluctuation around the ERM central rate were changed on August 3, 1993, and all participating currencies (the U.K. pound, the Italian lira, and the Greek drachma) are all outside the ERM now float in 15-percent bands around the central rate. Previously, there was a narrow band of 2.25 percent and a wider band of 6 percent. The Deutschmark

and the Dutch guilder, the two strongest ERM currencies, appreciated in the fall.

Despite the wider ERM bands, major EU currencies have tried to maintain their value against the Deutschmark. The Bundesbank's interest rate policy kept the Deutschmark strong, and other ERM countries were forced to maintain high interest rates as well to maintain their currencies' parities with the Deutschmark (figure 1.3). The French, in particular, have set a high value on maintaining a 'strong franc,' although lower interest rates would contribute to economic recovery and are indeed justified by the very low French inflation rate.

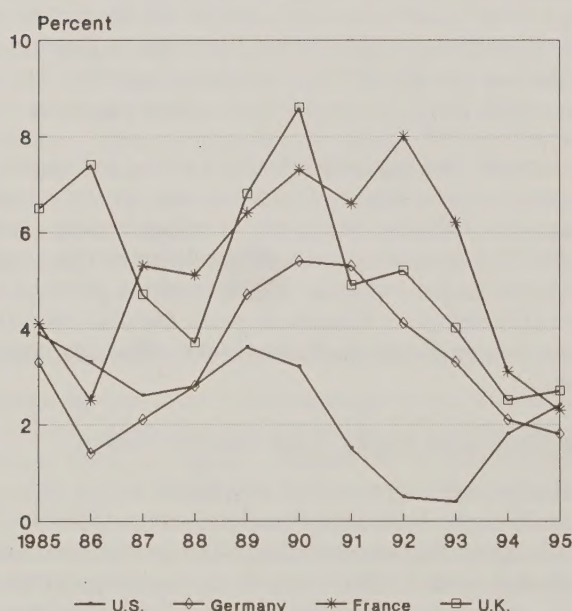
Agricultural Economy Dominated by CAP Reform

Before CAP reform, the EU's annual farm price negotiations were the dominant event for the agricultural economy. The CAP reform program, however, set institutional prices for some of the most important commodities—including grains, beef, and dairy products—through 1995/96. Guaranteed prices for oilseeds and protein crops were eliminated. The price package has consequently decreased in scope and importance.

Despite the reduced importance of the price package, the annual negotiations among the 12 agriculture ministers were as difficult and protracted as those in the past. The Council did not adopt a price package until the early morning of July 19, although the Commission had submitted its proposals at the end of January. The agreement on prices was reached after the start of a number of marketing years, including those for grains, beef, and dairy products. Special Commission regulations were passed to cover the month of July.

Figure 1.3

Real Short-Term Interest Rates



Projections for 1994 and 1995.
Source: OECD.

Individual member states used the excuse of the price package negotiations to press for concessions not related to prices. The most notable was the French demand for an increase in its area eligible for supplementary durum wheat payments. Producers in northern France, not considered a traditional durum producing area, have reduced durum area almost completely because of CAP reform. In the final compromise, the German presidency accepted the 900,000-ton increase in the Italian dairy quota and increased eligible French durum area.

The 1994/95 price package left unchanged the prices for grains and beef set as part of CAP reform. These prices have been modified only because of monetary realignments. For 1994/95, the cereals intervention price is set at 106.60 ECU (\$157.04) per ton. The beef intervention price, including the second reduction of 5 percent, is 3,047.10 ECU (\$4,488.87) per ton of carcass weight. CAP reform called for a 5-percent cut in the butter price spread out over 2 years. However, given the continuing decline in EU butter consumption, the Commission proposed a further 3-percent price reduction for 1994/95. Prices of commodities not included in CAP reform were left unchanged.

The Commission's proposed 1-percent reduction in the milk quota was a controversial element of the negotiations. The quota cut had been accepted in principle as part of CAP reform, but not implemented in 1993/94. The Council decided not to accept the Commission's proposal. Northern member states opposed a cut in the global quota in part because of the expansion of milk quotas granted to Italy, Greece, and Spain in 1993. Italy has consistently produced over quota, and some other member states do not believe that it has significantly demonstrated its commitment to implement the quota program effectively. In view of the expanded quantities granted to Italy in particular, Northern member states were reluctant to force production cuts on their dairy producers.

The Commission had also proposed two significant changes to the premiums for male bovines. First, it wanted to change the reference years for eligibility for male bovine premiums to 1989, 1990, or 1991, but not 1992. The use of 1992 as a reference year by a number of member states caused total premiums for male animals to exceed the numbers of previous years by 30 percent. The Council accepted a reduction in the regional ceilings for the payment, but only to 10.28 million head, rather than the 10.1 million proposed by the Commission. Second, it proposed excluding bulls from eligibility for the second male bovine premium (at 22 months). Generally, bulls fattened out beyond 18 months produce carcasses of lower commercial value. The Commission withdrew this proposal because there was no support for it in the Council.

The Commission also proposed changes in the aid systems for dried fodder and potatoes for starch. Under the previous system, the aid for starch potatoes was limited to 1.5 million tons of starch. This level was exceeded in 1993/94, largely because the production of potatoes for starch was not limited by regional base areas or subject to a set-aside requirement. Beginning with the 1995/96 marketing year, a system of reference quantities will operate as an alternative form of production control. Regional reference quantities, which total just under 1.5 million tons, have been granted to the Nether-

lands, Germany, France, Denmark, and Spain. The member states will distribute the national reference quantities to starch factories, which in turn will distribute individual potato quotas to producers. Starch produced beyond the reference quantities will be exported without subsidies, much like the "C sugar" under the sugar regime.

A system of variable aids for dried fodder encouraged a substantial increase in production and budget expenditure throughout the 1980s. The Commission was concerned that dried fodder produced from land on which compensatory payments were paid (including area used to claim livestock premiums) was also eligible for the fodder aid. Because of resistance in the Council, the original proposal for aid to be paid at a flat rate for dried fodder not produced on areas receiving other subsidies was withdrawn. Instead, the Commission will draft new proposals for a system of maximum guaranteed quantities (MGQ) eligible to receive dried fodder payments, and a separate MGQ for sun-dried fodder.

Agrimonetary Developments Affect Prices

The EU's agrimonetary system, which includes special "green" exchange rates for agricultural products, was reformed in December 1992. The reform eliminated Monetary Compensatory Amounts, the taxes or subsidies applicable to intra-EU trade. MCAs were necessary because agricultural prices varied across member states, although a single price was set in ECU. Each member state now has a single green rate, rather than a number of different, product-specific rates. The switchover coefficient, the factor used to convert market ECUs to "green" ECUs, was maintained.

Under the new agrimonetary system, deviations from the central rate are monitored in 10-day periods, and green rates are adjusted when necessary to reflect changes in market rates. Where these currency depreciations have occurred, producers benefit from higher prices in national currency terms. Farm prices remain constant in ECUs, but each ECU is worth more in national currency. Direct payments, like those under CAP

Details of the Price Package

Cereals

- The monthly increments were reduced to 1.20 ECU (\$1.77) per ton per month from 1.45 (\$2.14), to account for the substantial drop in EU interest rates. There will be no monthly increment for the target price.
- Beginning with the 1995/96 marketing year, the area eligible for the supplementary durum wheat payment is increased 20,000 hectares in Spain, 5,000 hectares in Portugal, and 5,000 hectares in Italy. An additional 50,000 hectares in France will be eligible to receive a per hectare payment of 115 ECU (\$169.41).

Rice

- The monthly increments for rice were also reduced, from 2.58 ECU (\$3.80) per ton per month to 2.42 (\$3.57) for the target price and from 2.07 ECU (\$3.05) per ton to 1.94 (\$2.86) for the intervention price.
- The price package did not extend the system of production aids for Indica rice. Under the 1993/94 price package the Indica rice aid had been extended for an additional year.

Sugar

- The monthly refund for reimbursing storage costs was reduced from 0.52 ECU (\$0.77) per 100 kg to 0.40 (\$0.59), also because of lower interest rates.

Linseed

- The area payment for linseed is maintained at the 1993/94 level of 87 ECU (\$128.17) per ton.

Wine

- The Commission submitted a program for reforming the wine sector in April 1994. Prices for 1994/95 will remain the same as in 1993/94.

Fruits and vegetables

- The Commission is drafting proposals for reforming the fruit and vegetable sector. For 1994/95, basic and buying-in prices will remain at 1993/94 levels. If intervention thresholds for 1993/94 are found to have been exceeded, the Commission can take appropriate action.

Milk and milk products

- The marketing year was extended to June 30, 1994.
- The butter price is to be reduced 3 percent, 1 percent more than called for under CAP reform.
- Intervention for cheese is abolished.
- A single definition for intervention butter will be developed and adopted by October 31, 1994.

Beef and veal

- The marketing year was extended to June 30, 1994.
- The EU ceiling on male bovine premiums is reduced to 10.3 million from 11.5 million.

Pork

- The basic price is cut from 1,872 ECU (\$2,758) per ton to 1,300 (\$1,915).

reform, are converted at a fixed exchange rate (that applying on July 1 of each year), but can still reflect depreciations.

Sizable fluctuations of EU currencies produced marked depreciation of some currencies against the central rate. When a number of currencies within the ERM came under pressure, the EU decided to widen the bands around the central rate to 15 percent in August 1993. This altered the conditions under which the switchover coefficient could be changed. Now, the 15-percent bands must be breached before an adjustment can be made. So far, this has not occurred. Increases in the switchover coefficient are important to strong currency countries because they prevent farm price decreases in national currency terms.

The strong currencies, the Deutschmark and the Dutch guilder, appreciated against the central rate. Adjustments in these countries' green rates, without an offsetting change in the switchover coefficient, would result in lower farm prices in national currencies. These countries pressed strongly for a change in the switchover mechanism that would allow it to be increased more easily.

The Commission was strongly opposed to allowing the switchover to increase, because of budgetary implications. It has estimated that the increase of the switchover coefficient from 1.145 to 1.2107 increased net costs 1.57 billion ECU (\$1.92 billion). For countries whose currencies depreciate against the central rate, farm prices increase in national currencies. These price increases can help offset the impact of the CAP reform price reductions.

A temporary arrangement that prevented green rate appreciation in the strong currency countries applied through the end

of 1993. While the arrangement prevented lower prices in Germany and the Netherlands without increasing the cost to the CAP budget, intra-EU trade could take place to benefit from price differences. Without MCAs, traders could buy commodities in low-price countries and sell them into intervention in high-price countries. The Commission watched trade flows carefully to make sure that this was not occurring. At the end of 1993, permitted monetary gaps were changed to make the appreciation of strong currencies less likely.

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EU Shifting Support Methods as Budget Growth Continues

The EU is expected to spend 5 percent more on price and income support in 1994, mainly due to arable crop payments under CAP reform. CAP reform is leading to a shift in how the EU supports its farmers, away from support by consumers through high prices and towards direct payments from the budget. As a result, CAP costs continue to rise. To better use its budget resources, the EU is starting a campaign against fraud in the CAP.
[Daniel J. Plunkett]

After final changes to the price package in July, the European Union is expected to spend 36.745 billion ECU (\$44.838 billion) on agricultural price and income support in the 1994 budget year, which ends October 15. Appropriations in 1994 for the Guarantee Section of the European Agricultural Guidance and Guarantee Fund (EAGGF) are 5 percent higher than in 1993, as the CAP reform payments for arable crops and set-aside for the 1993/94 marketing year count against the 1994 budget.

The budget pressure felt by the EU is borne out by the fact that the 1994 appropriations figure is above the official spending "guideline," a budgetary discipline first instituted in 1988, which limits growth in agricultural spending to 74 percent of economic growth. The overrun for 1994 is expected to be small enough to be covered by a special monetary reserve. Despite reform efforts to control costs, CAP expenditures have risen 40 percent since 1989 (table 2.1).

In the 1994 budget, lower intervention costs for cereals and beef and lower export refunds for cereals only partially offset the new CAP reform direct payments and higher expenditures on export refunds for pork and dairy, and aid to hog operations stricken with classical swine fever in Germany and Belgium. The budget for the CAP reform's accompanying measures (environmental, afforestation, and early retirement programs) was increased substantially as well.

Under CAP reform, more of the cost of supporting farmers is being absorbed by the budget at the same time that the high level of spending on agriculture is under attack. The method of reform that the EU has chosen--compensating for price cuts with direct payments--will make future reforms that propose similar methods even more difficult because it will increase CAP expenditures. The new focus on controlling fraud could be a way for the EU to make money available for future reform, or simply to pay for the current reform.

Spending in 1995 Depends on Economic Growth, Accession of New Members

The 1995 guideline has been adjusted to 37.1 billion ECU (\$45.3 billion), with appropriations right at the limit. Actual spending could be closer to 40 billion ECU (\$49 billion), thus exceeding the guideline, which is increasing slowly due to sluggish economic growth. The 1995 budget will include increases in compensation payments in the second year of CAP reform. In addition, the monetary reserve, which can cover added costs due to fluctuations in the dollar/ECU rate

or between EU currencies, will be halved from 1 billion ECU (\$1.22 billion) to 500 million ECU (\$610 million), reducing the Commission's flexibility to stay within the guideline.

For any of the four European Free Trade Association countries joining the EU in January 1995 (see article EU Admits High Income EFTA Countries as Members), the EU has agreed to adjust the guideline in relation to the estimated agricultural expenditure in the new member states. The share of the budget allocated to northern temperate products such as cereals, dairy products, and beef would be increased slightly, with a smaller share for Mediterranean products such as wine, olive oil, and fruits and vegetables, which are the subject of the next round of CAP reform as well. The EU will also add a new criterion to the rules established in 1988 for receiving structural aid; "Objective 6" will apply to farmers in Finland, Norway, and Sweden. It is estimated that by 2000 the new members will contribute from 1 billion to 3.4 billion ECU (\$1.2 to \$4.1 billion) more to the EU budget than they receive, although budget rebates will limit their net transfers in the initial years after accession.

EU Changing How Support Is Provided to Farmers

The CAP provides support to its agricultural sector principally through price support, direct payments, export subsidies, public storage, processing and consumption subsidies, and structural measures. Support is paid for by transfers from consumers, the EU budget, and national budgets.

Price support under the CAP is provided by maintaining domestic prices above world market levels. This is done by protecting domestic goods against competition from imported products and using export subsidies to dispose of surpluses. By cutting prices and offering compensation payments, CAP reform is shifting some support from consumers (through lower prices) to taxpayers (through budget spending). According to the Organization for Economic Cooperation and Development (OECD), transfers from consumers were valued at 69 billion ECU (\$84 billion) in 1992, compared with transfers from taxpayers of 52 billion ECU (\$63 billion). After the final CAP reform price cuts in June 1995, the ratio should be more evenly balanced. By comparison, in the United States, transfers from taxpayers (49 billion ECU, or \$60 billion, in 1992) are more than double transfers from consumers (22 billion ECU, or \$27 billion), with overall U.S. transfers to agriculture 40 percent lower than in the EU.

Table 2.1: Expenditures from the European Agricultural Guidance and Guarantee Fund (EAGGF) - Guarantee Section

	1986 1/	1987 2/	1988 3/	1989 4/	1990 4/	1991 4/	1992 4/	1993 5/	1994 6/
TITLE I: CROPS	Million ECU								
Cereals	3,391	4,138	4,264	3,150	3,800	5,077	5457	6271	8640
Rice	94	99	73	112	85	112	87.284	99	104
Sugar	1,726	2,036	2,082	1,980	1,388	1,815	1937.377	2091	2099
Olive oil	604	1,139	945	1,465	1,168	1,874	1754.322	2302	1999
Oilseeds	2,028	2,687	2,972	2,674	3,477	3,550	4131.937	3005	2582
Protein plants	460	587	689	643	835	959	861.994	875	897
Fiber plants	565	306	454	600	580	522	771.338	880	808
Fruit and vegetables	986	967	708	1,019	1,253	1,107	1,262	1,743	1,722
Wine	631	800	1,546	1,148	745	1,048	1,087	1,666	1,567
Tobacco	782	804	966	1,139	1,232	1,330	1,233	1,401	1,235
Other measures - crops	56	44	60	84	85	68	303	303	290
Total Title I	11,322	13,608	14,759	14,011	14,648	17,461	18,886	20,636	21,943
TITLE II: LIVESTOCK									
Milk and milk products	5,406	5,013	5,915	4,987	4,956	5,637	4,007	5,222	4,244
Beef and veal	3,482	2,149	2,476	2,429	2,833	4,295	4,414	4,124	4,786
Sheep and goatmeat	617	574	1,294	1,453	1,452	1,790	1,749	2,267	1,587
Pigmeat	152	159	216	261	247	252	142	271	194
Eggs and poultry	98	152	194	234	179	169	193	252	177
Other measures - livestock	--	--	--	--	--	--	6	212	156
Total Title II	9,754	8,046	10,094	9,363	9,667	12,143	10,511	12,348	11,144
TITLE III: OTHER									
Non-Annex II products	503	590	602	552	512	704	700	745	577
ACAs	--	18	64	42	37	28	28	10	0
MCAs	482	637	505	323	271	131	1	127	1
Food aid refunds	--	259	243	133	86	217	222	266	156
Interest on prefin.exp.	--	--	38	49	67	85	86	105	110
Deprived persons	--	--	66	133	137	145	130	150	175
Anti-fraud measures	--	--	--	--	3	20	25	22	71
Clearance of accounts	-55	-208	29	-203	-378	-438	79	-365	-500
Rural development	--	--	--	--	--	388	304	531	460
Total Title III	929	1,296	1,547	1,028	733	1,280	1,574	1,591	1,050
Set-aside	--	--	--	3	21	77	286	430	1,673
Income aid 7/							26	72	58
Accompanying measures 7/							55	182	545
Fisheries guarantee fund 7/	18	17	47	24	24	26	32	33	37
Total guideline expenditures 8/	22,005	22,950	26,400	24,405	25,069	30,961	31,256	35,005	36,450
Maximum spending guideline 9/	--	--	27,500	28,624	30,630	32,511	35,039	35,200	36,465
Community compensation aid	113.5	--	--	--	--	--	--	--	--
Depreciation of stocks	--	--	1,240	1,443	1,361	797	--	--	--
Carryover from previous year	--	--	--	--	--	602	--	--	--
TOTAL EAGGF - GUARANTEE	22,137	22,968	27,687	25,872	26,453	32,386	31,369	35,292	36,450

Totals may not add in some cases due to rounding.

1/ Charged against budget based on calendar year.

2/ Charged against 1987 budget (Jan. 1, 1987 to Oct. 31, 1987); remainder of year budgeted against 1988.

3/ Charged against 1988 budget (Nov. 1, 1987 to Oct. 15, 1988); remainder of year budgeted against 1989.

4/ Charged against budget based on fiscal year. For example, 1989 budget refers to period from Oct. 16, 1988 to Oct. 15, 1989.

5/ Budget appropriations for 1993. Last revision from OJ L34, February 7, 1994.

6/ Budget appropriations for 1994. Source is OJ L34, February 7, 1994. Adjustments for 1994/95 price package not included.

7/ Income aid, accompanying measures, and fisheries were not included in the guideline until 1994.

8/ Expenditures charged against the guideline. After adjustments, 1994 expenditure is expected to exceed the guideline.

9/ Instituted in 1988. 1994 guideline reflects adjustment for inflation in March 1994.

Source: European Commission. See appendix table 7 for further breakdown of budgetary spending.

Direct payments are becoming more important with CAP reform, due to per hectare payments and set-aside payments. In the first year of CAP reform, direct payments jumped from 35 to 52 percent of Guarantee Section expenditure (figure 2.1). This trend will continue throughout the 1995 and 1996 budgets as the last two stages of the price cuts come into effect. Direct payments offered under the CAP include: set-aside payments (virtually every hectare of land set aside, under a variety of programs, is compensated); payments for area planted to cereals, oilseeds, and protein crops; headage payments in the beef and sheep sectors; and production aids for durum wheat, olive oil, cotton, tobacco, certain fruits and vegetables, potato starch, flaxseed, hemp, silkworms, honey, and dried fodder.

Export subsidies will become a less important part of the EU budget under CAP reform, because lower EU prices reduce the gap with world prices and reduce the per-unit export subsidy needed to place surplus EU agricultural commodities onto third markets. Higher than 30 percent as recently as 1992, export subsidies fell to less than 17 percent, or 6 billion ECU (\$7 billion), in 1994 appropriations. Nevertheless, export subsidies will remain one of the EU's primary tools for managing the internal market, with the accompanying distortionary effects on world markets. Under the Uruguay Round agreement, EU export subsidies will be limited to a maximum of 9.8 billion ECU (\$12 billion) in 1995, falling to 6.4 billion ECU (\$7.8 billion) in 2000.

Processing and consumption subsidies are paid primarily to intermediate users of primary products and amounted to 3.4 billion ECU (\$4.1 billion) in 1994 appropriations, 9 percent of the CAP budget. Processing subsidies under the CAP include: aid for use of skim milk and skim milk powder in

casein and calf feed; processing aid for tomatoes, citrus, and other fruits and vegetables; and aid for use of sugar in the chemical industry. Consumption subsidies lowering prices for consumers include programs such as aid for olive oil, the school milk program, and providing dairy products for disadvantaged persons.

The EU supports development of agricultural marketing structures, as well as aid for farming in less-favored areas, through the Guidance Section of the CAP budget. In 1994, the EU appropriated 3.8 billion ECU (\$4.6 billion) for its contribution to these programs. EU member state governments also contribute to Guidance Section operations through the co-financing system. Total non-CAP support to agriculture by EU member states (mostly insurance and pension programs) is estimated at about 14 billion ECU (\$17 billion) per year.

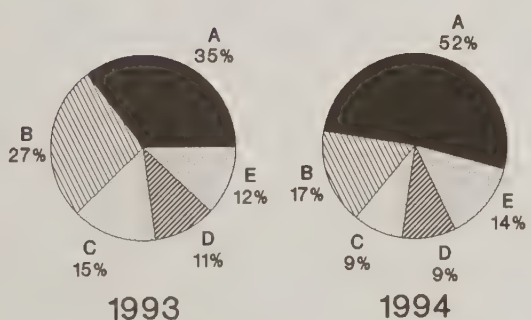
Agriculture's Share of EU Budget Set To Decline

With the "Delors II" plan in place governing EU spending through 1999, agriculture's share of the EU budget is expected to fall below 50 percent for the first time in 1997. The share of agriculture in the budget is falling primarily because non-agricultural spending is increasing rapidly. In 1992, Guarantee Section spending accounted for 53 percent of the EU budget, down from 80 percent as recently as 1983 (figure 2.2). The guideline is expected to rise 9 percent from 1993 to 1999, but only amount to 46 percent of the total budget. Total EU expenditures will be allowed to grow to 1.27 percent of EU gross national product (GNP) in 1999 from the current 1.20 percent, with a greater emphasis on social and regional policies.

Delors II will change the way in which the EU collects revenue, with a smaller share coming from member state

Figure 2.1

CAP Reform Increases Share of Direct Payments in Budget

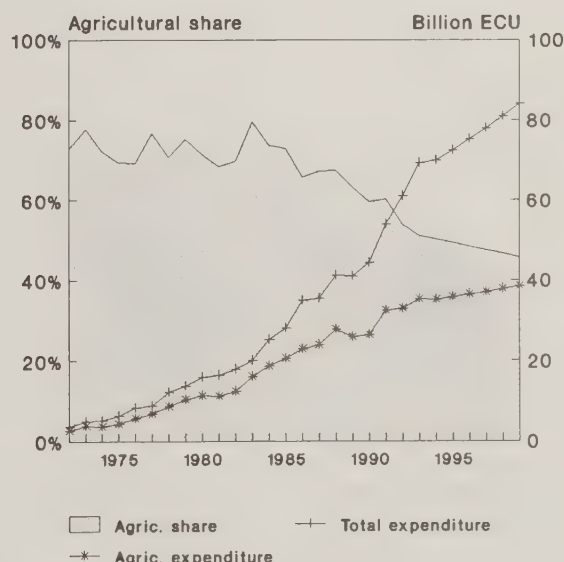


A - Direct payments
B - Export refunds
C - Public storage
D - Processing and consumption aid
E - Other spending

Both years are appropriations from the Guarantee Section.
Source: EU Budget, OJ L34, 1994.

Figure 2.2

EAGGF Guarantee Spending 1972-1999



Projections are in 1992 dollars.
Sources: CAP Monitor; OJ C33/93.

contributions based on a value-added tax (VAT) and a larger share from contributions based on GNP. In 1992, the VAT resource accounted for 60 percent of EU revenue (figure 2.3). This change is designed to reduce the relative amount contributed in countries without strong export manufacturing sectors, particularly the "poor four," i.e. Greece, Ireland, Portugal, and Spain. In 1992, the four each received over 2 billion ECU (\$2.4 billion) more from the EU budget than their contributions. Greece was the largest net recipient at 3.6 billion ECU (\$4.3 billion). Germany was by far the largest net contributor at 9.7 billion ECU (\$11.8 billion), followed by the U.K. at 2.4 billion ECU (\$2.9 billion) and France at 1.4 billion ECU (\$1.7 billion).

Agriculture "the Sector Most Exposed to Fraud"

With the EAGGF budget under increasing pressure, the fight against fraud is seen as a way of boosting the efficiency of CAP spending. In a recent report, the EU Court of Auditors called for improved methods of detecting fraud, correcting the "exploitable weaknesses" in the operation of the CAP, and enforcing penalties much more strictly. Under the EU's *a posteriori* system, fraud is detected only after disbursement of money. EU legislation requires that any individual or company receiving over 200,000 ECU (\$244,000) from the EAGGF should be scrutinized no less than once every 2 years.

The EU's new emphasis on fighting fraud is shown in the increase in spending for that purpose from 22 million ECU (\$26.8 million) in 1993 to 86 million ECU (\$104.9 million) in 1994. The Commission is developing a package of administrative sanctions, including empowering member states to impose sanctions before any court action, a hotline for "whistleblowers," and a "blacklist" of traders who have defrauded the EAGGF budget. Germany, as the largest contributor to

the EU budget, announced it will take a tough line on fraud during its presidency in the second half of 1994.

The EU member states are responsible for auditing operations established in their own countries. The incentive for member state bureaucracies to police their own individuals or companies is weakened in an environment where some of their EU partners may be less vigilant. Between 1972 and 1992, 8,103 cases of fraud worth 1.092 billion ECU (\$1.332 billion) were discovered, with only about 10 percent of the money eventually recovered. The actual number of fraud cases could be many times greater. The most cases were discovered in Germany, followed by the U.K., but this may indicate greater diligence on behalf of the national authorities. Italy had 14 percent of the cases notified, but 62 percent of the money stolen, with only 2.5 percent of the money involved in detected fraud recovered.

The Court of Auditors' report details a number of strategies firms use to escape detection, including maintaining the commercial records for a transaction in a different member state than the one in which the payment is made, and establishing the firm in a non-EU country. One company received 40,000 ECU per year by including plastic wrapping in the weight of dairy products receiving export refunds. A 15 billion-lire (\$10 million) scandal involving false invoices for sunflower oil led to the arrest of a senior official of the Italian intervention agency AIMA in early 1994. Under the EU's tobacco regime, export refunds were paid on shipments never made, payments were made in a region ineligible for tobacco production, and "artificial trade between member states" allowed traders to claim 39 million ECU (\$48 million) in Monetary Compensatory Amounts (a border subsidy formerly used to equalize the value of EU currencies).

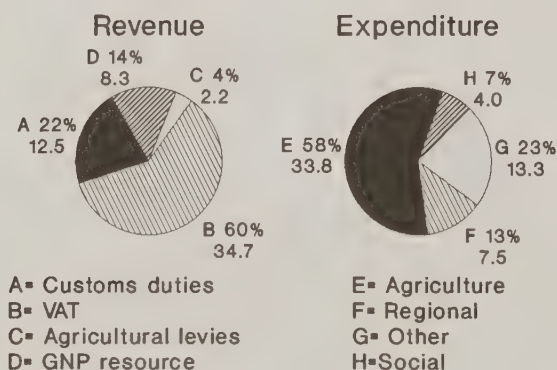
The Court recommended: developing a common definition of what constitutes fraud; giving "absolute priority to the introduction of a standardized system for charging interest and the imposition of administrative fines for frauds and irregularities;" tying receipt of EAGGF funds to access for EU investigators to any necessary commercial documents, including production, quality control, and customer complaint records; improving mutual assistance between member states; and using risk analysis to make fraud investigations more effective. By addressing fraud, the EU hopes to improve the public image of the CAP, free up money for reform, and make CAP programs more efficient by eliminating the illegal profits endemic to the current system.

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Figure 2.3

EU Budget Revenue and Expenditure, 1992



Value shown is in billion ECU.
Source: European Commission.

European Commission. "Interinstitutional Agreement of Oct. 29, 1993 on Budgetary Discipline and Improvement of the Budgetary Procedure." OJ C331. *Official Journal of the European Communities*. Brussels. December 7, 1993.

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Farm Income Falls, Producer Support Rises

Overall, farm income declined in the EU in 1993. Farmers whose products were subject to cuts in support prices under the 1993 reform of the CAP realized increased income. Despite further reductions in support prices in 1994, higher production, increased direct payments, and greater demand for farm products could boost 1994 income. Approximately half of EU grain, oilseed, and livestock producers' gross revenue can be attributed to government programs. [Mary Anne Normile]

Initial estimates show that farm income in the EU declined for the second straight year in 1993, falling 1.2 percent from 1992. The decline occurred despite rising support to the agricultural sector. The EU's basic farm income indicator declined for a second straight year in 1993, while the Producer Subsidy Equivalent (PSE), which measures only the part of producer income attributable to government programs, indicated higher 1993 farm support. It may be too early to draw general conclusions about the effect of CAP reform on farm income from the 1993 data. Farm income statistics are presented on a calendar year basis, while support price cuts and compensatory payments brought about by CAP reform did not take effect until mid-1993.

Farm income reported by the EU is income realized from the production of agricultural products. The EU's basic indicator of farm income is real net value added per annual work unit. Real net value added includes the value of agricultural production (revenues from production) plus subsidies (defined as direct transfers to agriculture). Intermediate consumption (the value of goods and services used in agricultural production), taxes linked to production, and depreciation (the implicit cost of "wear and tear" on buildings and equipment) are deducted. The figure is deflated by the implicit price index of gross domestic product to express it in real terms.

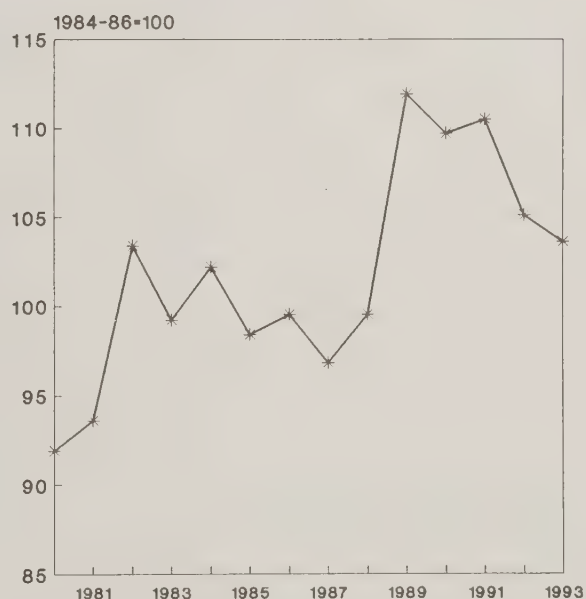
The EU farm income indicators are expressed on a "per annual work unit (AWU)" basis to account for the changing labor input into the industry. One AWU is equivalent to one person employed full-time in agriculture for 1 year. The EU's indicator of farm income provides a means to measure performance of the sector. It is not, however, a measure of total income of farm households.

The 1993 decline in farm income was due to a large drop in crop production and lower real prices of agricultural products

(figure 3.1). These declines were tempered by a large rise in subsidies instituted as part of the comprehensive reform of the CAP implemented in 1993. The 1.2-percent decline does not include the balance of compensatory payments still to be paid to producers for the 1993/94 marketing year, which will be included in 1994's farm income. Eurostat estimates that aid actually paid in 1993 was about 86 percent of total aid

Figure 3.1

EU Real Farm Income Per Annual Work Unit



Source: Eurostat.

payable under CAP reform measures for the 1993/94 (July-June) marketing year.

Income realized by producers of commodities affected by CAP reform rose on a per AWU basis. Agricultural policy changes implemented in 1993 included support price cuts, payments for mandatory set-aside of arable crops and other measures aimed at controlling production, and a shift from price support to producer payments. Subsidies rose 44 percent in real terms due to the introduction of compensatory payments, set-aside premiums, and other payments, which offset income loss due to price- and output-restrictive measures.

Income from beef and cattle production rose 25 percent in 1993 from a year earlier, specialized grain producers realized an 11-percent increase, and dairy farmers' income rose 7 percent. Income of pork and poultry producers, who were expected to benefit from cuts in grain support prices, fell 37 percent due to sharp declines in output prices. Producers of horticultural products and wine, which were not affected by the 1993 reforms, experienced farm income declines of 8 percent and 14 percent, respectively.

Volume and Average Price Fall

The value of agricultural production fell in both nominal and real terms, owing to declines in total quantity produced and average prices (table 3.1). The decline in total volume of agricultural output was the first since 1981. The value of both crop production and animal production fell in nominal and real terms.

Crop output, especially wine, fruit, and vegetables, fell from the previous year due to inclement weather. Oilseeds production declined due to lower producer payments. Prices for crop products fell overall, owing to large reductions in prices of grains resulting from CAP reform. Pig and wine prices

declined due to large supplies. Price and production declines resulting from CAP reform measures caused a significant drop in both the nominal and real value of final production and gross value added at market prices.

The value of animal production fell due to lower nominal prices and stagnant production volume. However, there was large variability among individual livestock categories. Severe structural imbalance in the pig sector--continuing production increases in the face of chronic excess supply--caused large declines in pork prices. Cattle prices rose 3.4 percent due to a decline in production and reduced domestic supplies stemming from continued large subsidized beef exports. Milk production was stable because 1993 milk quotas remained essentially unchanged from 1992, and nominal prices rose for dairy products due to continued diversion of milk into cheese and fresh products that reduced the market overhang of butter and skim milk powder stocks.

Performance Varies Greatly Among EU Countries

Changes in farm income among member countries varied greatly (figure 3.2), although the decline for the EU overall was modest. U.K. farm income rose more than 15 percent, due largely to the devalued pound that boosted agricultural exports and increased prices of agricultural products for British farmers. U.K. agriculture is also highly concentrated in commodities affected by CAP reform, which had apparent favorable effects on farm income. Spain, which also experienced a decline in the value of its currency, experienced a similar large increase in farm income (23 percent) despite its position as a major producer of wine, pork, and horticultural products, which fared poorly.

In contrast, Germany's farmers experienced the largest decline in income from farming (15 percent), and declines in Portugal

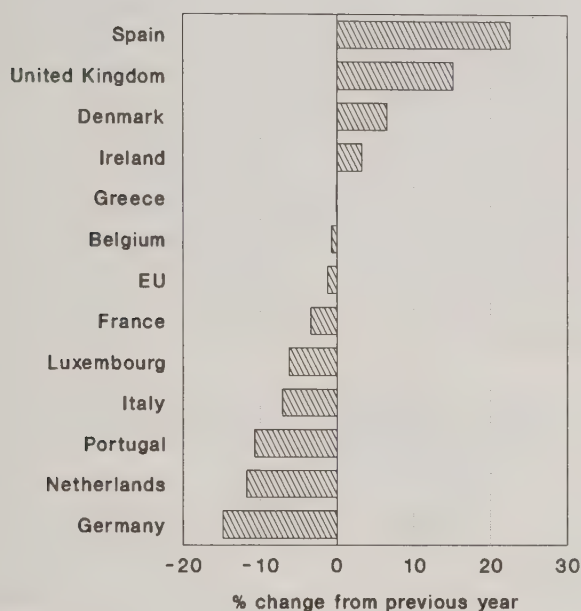
Table 3.1: Change in prices, production, and value of agricultural products, 1993

Commodity	Nominal price	Real price	Quantity produced	Nominal value of production	Real value of production
% change from previous year					
Crop products	-2.9	-6.7	-4.1	-6.8	-10.5
Grains	-10.7	-14.0	-1.4	-12.0	-15.2
Oilseeds	24.6	20.5	-8.6	13.9	10.1
Sugarbeets	0.2	-3.4	1.0	1.2	-2.4
Fresh fruit	-2.7	-7.0	-11.2	-13.5	-17.4
Fresh vegetables	-1.0	-4.8	-4.1	-5.1	-8.8
Wine	-4.9	-8.2	-12.1	-16.4	-19.3
Olive oil	4.4	-1.5	9.7	14.5	8.1
Animal products	-2.6	-6.0	-0.1	-2.7	-6.1
Cattle	7.0	3.4	-4.4	2.2	-1.2
Pigs	-21.4	-24.0	5.0	-17.5	-20.2
Sheep/goats	5.3	0.3	-3.3	1.8	-3.1
Poultry	0.9	-2.6	0.7	1.7	-1.9
Milk	1.2	-2.3	0.2	1.4	-2.1
Eggs	5.2	-6.0	-3.0	2.1	-6.1
Total	-2.7	-6.3	-2.1	-4.7	-8.3

Source: Eurostat, Agricultural Income, 1993.

Figure 3.2

Change in EU Farm Income, 1993



Source: Eurostat.

and the Netherlands were on the order of 11 to 12 percent. Germany and the Netherlands are both large producers of pork and horticultural products, which suffered large declines in the real value of production, while wine, which also did poorly, is an important product in Germany. German farm income was also affected by cuts in grain support prices that were only slightly offset by increased subsidies. The 1-percent rise in total subsidies in Germany was small compared with other EU member countries because of reductions in subsidies paid through national programs.

The decline in the aggregate farm income indicator can be analyzed by examining its components. The decline in the real value of agricultural production is documented above. Large outlays paid to producers as direct compensatory aid and other payments under the revised CAP were behind a large increase in subsidies (50 percent nominal, 44 percent real). Taxes linked to production fell 14 percent (17 percent real) due to the termination of co-responsibility levies for grains and milk.

The agricultural labor force, measured by annual work units, fell again in 1993 (4.0 percent), with particularly large reductions in Germany (8 percent), Belgium, France, and Spain (5 percent each). The continued decline in the farm labor force produced a smaller decline in the farm income indicator per annual work unit than indicated by aggregate farm income. The decline in the labor input is somewhat surprising, given poor off-farm employment prospects due to the recession, but it could reflect reduced labor needs resulting from the first year of mandatory set-aside under the arable crops regime.

Intermediate consumption fell 1.4 percent in volume terms, but was stable in (nominal) value on average because of rising input prices. Farm output fell more than intermediate con-

sumption, indicating a slight decline (0.7 percent) in apparent productivity. The reduction in the volume of intermediate consumption was due to a decline in use of fertilizers and plant protection products, which likely stems from the shift from price support paid per unit of output to acreage-based payments, as well as the expanded, mandatory set-aside program. Prices of agricultural products fell more than the prices of inputs, leading to a worsening of the cost-price squeeze.

Farm Income Outlook Uncertain for 1994

The major factors determining farm income in 1994, relative to 1993, will include lower prices for most commodities due to CAP reform-induced support price cuts, slightly higher output for most crops and livestock, higher subsidies, and lower feedstuff prices for livestock producers. In 1994, the economic recovery may increase EU demand for farm output, particularly for livestock products. A stronger economy may also improve prospects for off-farm employment, resulting in a continued decline in the farm labor force that would raise the farm income indicator (expressed on a per-work-unit basis). A weaker dollar and stable petroleum prices should limit input price increases, and the volume of goods and services used in agricultural production should fall again as grain support prices fall and area payments rise.

The increase in farm income for commodities subject to policy reform may ease the task of extending reforms to other sectors, notably fruits, vegetables, sugar, and wine. However, employment in the agricultural sector continues to decline--the annual work unit fell 4 percent last year--which could place added pressure on policy-makers to deal with the problems created by a declining farm labor force.

Farm Support Rises

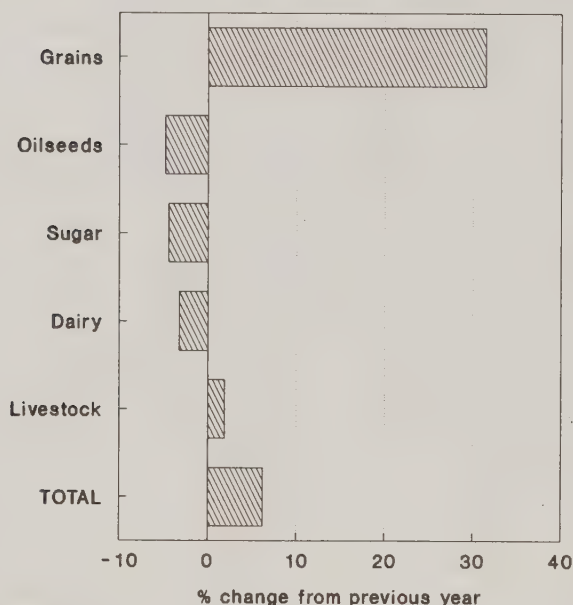
Support to EU producers, as measured by the PSE, rose 6 percent in 1993 from a year earlier. According to OECD estimates, 48 percent of EU farmers' gross revenue could be attributed to the effects of government programs in 1993, up from 47 percent the previous year. The PSE measures support to commodities that account for about 70 percent of the total value of agricultural production in the EU. Excluded from this measure are fruits, vegetables, tobacco, cotton, and wine.

A large increase in the value of direct payments to producers, the result of a shift in EU policy away from price support in favor of providing support through direct payments, accounts for most of the increase in support. Nonetheless, market price support, which remains the largest component of the PSE, was almost unchanged from last year (up 0.5 percent) because of higher milk prices and lower producer levies. The policy change also marks a shift in the funding of agricultural support from consumers to taxpayers, and from support prices to budget expenditures. However, consumers still pay the largest share of support.

The pattern of support for commodity groups confirms the farm income increases for CAP reform-affected commodities: support for grains rose over 30 percent, and support to livestock, which accounts for large share of the PSE, also rose (figure 3.3). Increases in these two groups outweighed declines in support to other sectors.

Figure 3.3

Change in EU Producer Support, 1993



Source: OECD.

The PSE measures one component of farm income. Farm income also takes into account changes in farm costs, while, except for a deduction for excess costs of livestock feed resulting from grain price support, the PSE does not. Because of the way the PSE is calculated, it is heavily influenced by changes in world market prices and exchange rates. Farm income, which also reflects domestic price movements, is less affected by world price changes because of low or zero trans-

mission of world price changes to the EU market for most commodities.

The PSE includes the value of all or most of the programs that result in transfers to producers, including expenditures on programs that benefit the agricultural sector and individual farmers, such as outlays on infrastructure development. Such outlays would only affect farm income to the extent that they indirectly raise farmgate prices or reduce costs.

Neither the farm income measure nor the PSE is an accurate measure of the well-being of individual farmers. The EU's farm income indicator provides useful information on the performance of the farm sector, and the PSE on support to the farm sector.

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U.S.-EU Agricultural Trade

U.S. agricultural exports to the European Union (EU) dropped slightly in fiscal 1993, while imports from the EU were essentially unchanged from the previous year. Exports of soybeans and soymeal increased, but not enough to offset lower sales of animals and animal products and cotton. In fiscal 1994, exports are expected to fall, led by lower oilseeds and products sales. [Mary Lisa Madell]

The EU's Common Agricultural Policy (CAP) established a single market for agricultural products. The creation of the single market allowed trade in agricultural products within the EU to become more significant than trade with third countries (figure 4.1). Intra-EU trade has grown considerably faster than extra-EU trade.

The United States is the EU's largest third-country supplier of food, beverages, and tobacco products, according to EU statistics. For the most part, U.S. agricultural exports to the EU do not benefit from preferential import access. The United States and Canada share a 10,000-ton high quality beef quota agreed to under the GATT. The EU also imports 2 million tons of corn and 300,000 tons of sorghum annually into Spain, and recently agreed to import 500,000 tons of corn into Portugal at reduced levies. The United States is the principal supplier of this corn and sorghum.

Agricultural imports to the EU from some other supplier countries benefit from preferential access conditions. For example, the EU's Lomé Convention with African, Caribbean, and Pacific (ACP) countries grants specific concessions for agricultural products, including sugar, beef, rice, corn, and some horticultural products. The Association Agreements with Poland, Hungary, and the Czech and Slovak Republics include trade concessions for beef, pork, poultry, and other agricultural products.

The Maghreb countries of Morocco, Tunisia, and Algeria were granted tariff reductions for wine, citrus fruits, olive oil, and seasonal fruits and vegetables, and the Mashraq countries (Syria, Egypt, and Jordan) receive preferential treatment on imports on certain fruits and vegetables. Tariff concessions on certain fruits and vegetables have also been given to Israel, Malta, and Cyprus.

U.S. Exports Fall Despite Higher Soybean Sales

U.S. exports of soybeans and soybean meal to the EU increased in fiscal 1992, due to recent EU agricultural policy reforms that led to lower oilseed production and strong export demand for EU rapeseed. Soybean sales more than doubled to \$149 million, and soybean exports increased nearly 7 percent. Rice exports also increased for the first time since fiscal 1989. Despite the ongoing trade barrier created by the EU's ban on hormone-treated meat, sales of U.S. beef increased to nearly \$20 million. This was still below the \$35 million of 1988, before the ban was implemented.

Despite the increase in beef exports, U.S. sales of meat and meat products to the EU dropped in fiscal 1992, largely because of a 17-percent drop in the value of horsemeat ex-

ports. Smaller sales of racehorses also contributed to the reduction in animal and animal product exports. Sales of grains and preparations fell slightly, chiefly because of reduced feed grain sales. The value of corn exports fell 23 percent, and sorghum exports fell 6 percent. Cotton exports to the EU were down nearly \$86 million. U.S. cotton exports to the EU have been cut because of reduced mill demand and competition from Central Asian producers.

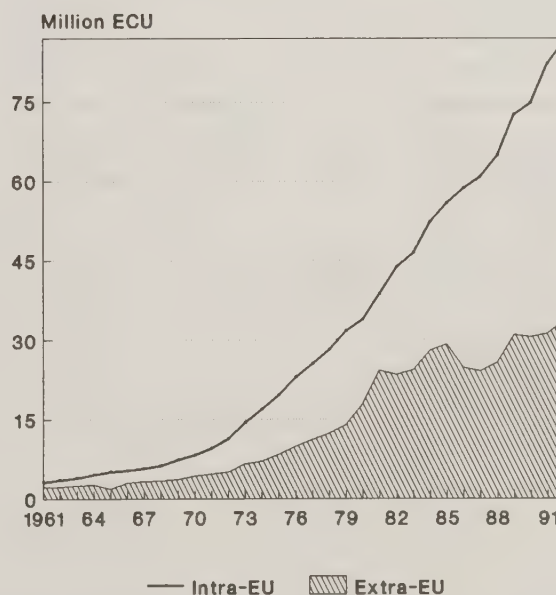
U.S. Imports from the EU Nearly Unchanged

U.S. imports of agricultural products from the EU increased just over \$2 million in fiscal 1992, a change of less than 1 percent (table 4.1). Imports of grain products grew more than 13 percent in value, led by a 6-percent increase in pasta and noodle imports. An 11-percent increase in pork imports pushed meat and meat product imports up over 8 percent. EU sales of malt beverages to the United States were \$61 million higher than in the previous year, an increase of more than 12 percent.

Despite the strong growth in beer sales, overall imports of beverages, excluding fruit juices, were down more than 4

Figure 4.1

Intra and Extra-EU Agricultural Trade, 1961-1992



Source: Eurostat.

Table 4.1: U.S. agricultural fiscal year imports from the EU-12

Commodity				% change	Share of	October - June		Percent
	1990/91	1991/92	1992/93	1991/92	total 1992	1992/93	1993/94	Change
	---Million dollars---			---Percent---		---Million dollars---		---%---
Animal & animal products	955.4	951.2	951.5	0.0	20.1	709.2	752.2	6.1
Meats & meat prod.....	366.5	245.6	266.5	8.5	5.6	196.3	252.7	28.7
Beef & veal-frsh/prep.	0.6	1.9	0.7	-65.1	0.0	0.3	0.8	184.0
Pork-fresh/prep.....	333.4	218.7	243.3	11.3	5.1	178.5	235.2	31.8
Dairy products.....	404.0	486.7	492.3	1.2	10.4	361.8	362.3	0.1
Cheese.....	240.2	263.4	282.0	7.1	6.0	217.8	224.9	3.3
Casein & mixtures....	152.0	207.9	195.8	-5.8	4.1	133.1	122.2	-8.2
Grains and feeds.....	289.6	313.1	354.8	13.3	7.5	253.9	306.1	20.6
Biscuits & wafers.....	138.6	146.4	150.1	2.6	3.2	101.7	109.2	7.4
Pasta & noodles.....	69.1	78.1	82.8	6.0	1.7	63.6	83.2	30.8
Fruit & prps(inc.frt.jc)..	157.3	192.2	161.5	-16.0	3.4	131.5	131.5	0.0
Fruit-prep/pres.....	66.8	87.4	63.0	-28.0	1.3	50.0	47.9	-4.2
Fruit juices.....	71.2	98.2	88.2	-10.3	1.9	72.3	70.2	-2.8
Nuts and preps.....	31.1	20.7	10.8	-47.8	0.2	9.6	10.5	9.2
Vegetables and preps.....	395.5	418.8	417.5	-0.3	8.8	316.9	360.2	13.7
Olives.....	132.5	141.7	139.7	-1.4	3.0	108.7	106.7	-1.8
Tomatoes incl paste....	25.3	23.6	20.7	-12.3	0.4	16.1	19.6	21.9
Oilseeds and prods.....	278.5	294.5	302.9	2.8	6.4	232.4	211.2	-9.2
Olive oil.....	214.8	226.5	231.9	2.4	4.9	180.5	169.4	-6.1
Sugar & related prods....	117.3	155.0	139.5	-10.0	2.9	102.4	88.5	-13.6
Confectionery prods....	111.5	149.4	136.4	-8.7	2.9	100.2	83.8	-16.3
Beverages-ex fruit juice..	1,382.7	1,498.7	1,432.0	-4.5	30.2	1,076.1	1,113.8	3.5
Wine.....	862.2	984.0	859.3	-12.7	18.2	672.1	685.3	2.0
Malt beverages.....	504.2	499.6	561.3	12.4	11.9	395.7	423.0	6.9
Flowers, nursery stock....	159.8	172.5	178.4	3.4	3.8	176.0	116.6	-33.7
Coffee.....	60.9	66.8	68.6	2.6	1.4	51.9	61.7	19.0
Cocoa.....	148.4	150.4	173.4	15.3	3.7	124.1	130.7	5.3
Other.....	457.9	498.8	543.6	9.0	11.5	360.0	439.6	22.1
TOTAL:.....	4,434.5	4,732.8	4,734.6	0.0	100.0	3,544.0	3,722.6	5.0
Commodity	----Thousand tons----			---Percent---		---Thousand tons---		Percent
Meats & meat prod.....	116.6	80.4	95.7	19.1	N/A	67.5	100.2	48.4
Beef & veal-frsh/prep...	0.2	0.9	0.2	-73.1	N/A	0.1	0.2	167.1
Pork-fresh/prep.....	103.7	70.0	87.0	24.1	N/A	60.9	92.8	52.4
Cheese.....	66.6	71.1	77.4	8.8	N/A	59.7	67.0	12.3
Casein & mixtures.....	40.7	50.9	42.7	-16.1	N/A	28.9	29.0	0.3
Grains and feeds.....	212.5	234.8	260.0	10.7	N/A	194.2	292.2	50.5
Biscuits & wafers.....	45.4	46.0	44.8	-2.7	N/A	30.4	33.3	9.6
Pasta & noodles.....	86.2	91.9	99.1	7.8	N/A	75.7	98.2	29.7
Fruit-prep/pres.....	54.6	69.2	57.6	-16.8	N/A	45.3	48.3	6.6
Fruit juices (HL).....	2,294.2	2,244.1	2,843.2	26.7	N/A	2,257.4	2,677.3	18.6
Olives.....	57.6	60.7	57.1	-6.0	N/A	43.4	45.5	4.8
Tomatoes incl paste....	26.8	19.9	22.2	11.4	N/A	17.5	24.6	40.7
Confectionery prods....	43.4	56.4	50.5	-10.4	N/A	37.667	31.1	-17.3
Beverages (HL).....	6,950.3	7,134.8	7,315.7	2.5	N/A	5,290.9	5,693.0	13.2
Wine (HL).....	2,031.8	2,225.6	1,934.4	-13.1	N/A	1,485.2	1,681.4	7.2
Malt beverages (HL)....	4,704.4	4,717.1	5,233.9	11.0	N/A	3,693.7	3,958.4	7.2
Oilseeds and prods.....	179.5	195.9	204.0	4.1	N/A	153.1	115.6	-24.5
Olive oil.....	95.0	96.7	117.9	21.8	N/A	89.5	91.4	2.2

Source: U.S. Department of Commerce.

Table 4.2: U.S. agricultural fiscal year exports to the EU-12

Commodity	1990	1991	1992	Change 1992/91	of Total 1992	October - June 1992/93 1993/94		Percent Change
	---Million dollars---			---Percent---		---Million dollars---		---%---
Animal & animal products..	699.3	755.5	598.5	-20.8	10.5	477.6	521.7	9.3
Meats & meat prod.....	141.1	140.7	131.0	-6.9	2.0	104.4	70.9	-32.1
Beef & veal-frsh/prep.	7.3	12.5	19.5	55.5	0.2	16.2	11.2	-31.3
Pork-fresh/prep.....	2.3	2.9	2.6	-11.2	0.0	2.0	1.3	-36.0
Poultry meats-frsh/prep..	33.7	43.2	41.6	-3.7	0.6	33.4	31.7	-5.1
Grains and preps.....	1,655.7	1,461.1	1,441.1	-1.4	20.3	1,142.2	1,154.7	1.1
Wheat.....	82.7	65.2	62.1	-4.8	0.9	46.4	51.7	11.5
Wheat flour.....	0.1	0.1	0.6	371.9	0.0	0.5	1.2	134.2
Rice.....	88.8	81.9	89.9	9.7	1.1	73.5	74.9	1.9
Feed grains & prod.....	367.6	214.1	184.3	-13.9	3.0	146.8	228.3	55.6
Feeds,fodder-ex.oilcake..	998.6	965.5	957.5	-0.8	13.4	758.5	709.1	-6.5
Fruit & prps(inc.frt.jc)..	385.87346	439.111381	397.7	-9.4	6.1	308.9	284.7	-7.8
Grapefruit.....	61.9	53.4	61.4	15.0	0.7	61.0	49.4	-19.0
Raisins.....	81.0	81.1	76.8	-5.4	1.1	52.0	53.1	2.0
Nuts and preps.....	502.2	589.2	520.2	-11.7	8.2	404.3	482.5	19.3
Almonds.....	326.1	333.8	313.8	-6.0	4.6	227.4	318.9	40.2
Vegetables and preps.....	304.3	329.4	382.8	16.2	4.6	297.1	273.7	-7.9
Pulses.....	97.8	84.2	86.9	3.2	1.2	73.0	59.2	-18.8
Oilseeds and prods.....	1,605.1	2,168.1	2,323.9	7.2	30.1	2,211.0	1,701.9	-23.0
Soybean meal.....	32.6	71.4	148.8	108.5	1.0	144.3	38.9	-73.0
Soybeans.....	1,249.3	1,704.3	1,816.9	6.6	23.7	1,782.7	1,471.3	-17.5
Vegetable oils.....	107.2	134.3	94.5	-29.6	1.9	73.0	40.0	-45.2
Tobacco.....	667.1	598.9	599.0	0.0	8.3	521.9	369.4	-29.2
Cotton-ex.linters.....	371.4	209.5	123.7	-40.9	2.9	103.2	78.3	-24.2
Others.....	584.6	642.6	635.1	-1.2	8.9	506.7	479.8	-5.3
TOTAL.....	6,775.6	7,193.4	7,022.0	-2.4	100.0	5,973.0	5,346.8	-10.5
Commodity	----Thousand tons----			---Percent---		---Thousand tons---		Percent
Meats & meat prod.....	54.7	55.7	49.8	-10.6	N/A	38.8	30.992	-20.2
Beef & veal-frsh/prep.	1.1	2.0	2.9	48.2	N/A	2.3	1.951	-16.7
Pork-fresh/prep.....	1.5	2.5	1.3	-48.8	N/A	1.1	0.498	-55.0
Poultry meats-frsh/prep..	31.5	42.4	36.4	-14.1	N/A	29.1	30.07	3.3
Grains and Preps.....	11,924.2	10,202.7	10,177.2	-0.2	N/A	7,944.2	8,179.3	3.0
Wheat.....	642.4	444.3	394.9	-11.1	N/A	299.6	287.8	-3.9
Wheat flour.....	0.3	0.4	2.4	513.6	N/A	2.2	5.3	141.3
Rice.....	289.3	255.2	374.7	46.8	N/A	299.4	226.4	-24.4
Feed grains & prod.....	3,291.4	1,808.5	1,634.5	-9.6	N/A	1,311.2	1,800.6	37.3
Feeds,fodder-ex.oilcake.	7,417.2	7,104.1	7,224.7	1.7	N/A	5,625.7	5,459.4	-3.0
Nuts and preps.....	283.1	368.7	308.7	-16.3	N/A	257.1	185.2	-28.0
Oilseeds and prods.....	6,802.2	9,577.1	10,706.9	11.8	N/A	10,192.2	6,796.6	-33.3
Soybean meal.....	165.9	348.9	729.7	109.1	N/A	705.5	196.1	-72.2
Soybeans.....	5,525.8	7,752.1	8,311.0	7.2	N/A	8,174.4	5,800.2	-29.0
Vegetable oils.....	131.3	196.5	132.2	-32.7	N/A	104.8	45.0	-57.1
Tobacco.....	107.4	95.7	94.9	-0.8	N/A	83.0	54.8	-34.0
Cotton-ex.linters.....	209.0	129.0	80.8	-37.4	N/A	67.1	51.7	-23.0

Source: U.S. Department of Commerce.

percent, as wine imports dropped \$125 million. The sluggish U.S. economy probably contributed to the drop in imports of high-value EU products, including wine. Imports of nuts, prepared and fresh fruits and fruit juices, and candy all declined in fiscal 1992.

Fiscal 1994 Exports Forecast To Fall

U.S. sales of grains and feeds to the EU will increase in fiscal 1994, chiefly because of higher sales of feed grains (table 4.2). The growth is largely the result of the newly opened 500,000-ton reduced levy import quota for Portugal, agreed as part of the U.S.-EU oilseeds agreement. By contrast, sales of feeds and fodders (excluding oilcake) will fall. Sales of non-grain feeds such as citrus pulp and beet pulp will decline, although corn gluten feed sales will remain at the previous year's level.

The volume and value of U.S. oilseed and products exports will decline from fiscal 1993 levels. Soybean sales will decline because of poor crush margins in the EU, and soymeal demand will likewise drop. High soybean prices, because of the smaller U.S. crop, combined with CAP reform price cuts for grains have made soybeans and soybean meal less competitive in feed rations. Higher prices for U.S. vegetable oils will reduce import demand from the EU.

U.S. meat and meat products exports will decline strongly in fiscal 1994, largely the result of a strong U.S. dollar early in the year. U.S. sales of variety meats, mostly from dairy cows, make up an important part of meat trade. Exports of dairy products to the EU will fall, because of a very strong drop in nonfat dry milk sales.

U.S. and EU Address Trade Disputes

The United States and EU reached an agreement in a long-standing dispute over recognition of distilled spirits. The EU agreed to restrict the use of the designations "Tennessee whisky," "Bourbon whisky" and "Bourbon" to products made in the United States and meeting U.S. criteria for those products. The United States likewise agreed to respect the EU designations "Scotch/Irish whisky," "Cognac," "Armagnac," "Calvados," and "Brandy de Jerez."

The EU adopted a regulation to address the dispute over its customs reclassification of U.S. corn gluten feed. In order to

be granted automatic levy-free entry to the EU (corn gluten feed benefits from a bound tariff of zero), consignments must carry certificates from the Federal Grain Inspection Service and from the U.S. Corn Refiners Association. Those without the certificates will be subject to analysis to ensure that they meet the definition of corn gluten feed.

Two short-lived trade disputes between the United States and the EU flared up in the first half of fiscal 1994. In late December 1993, the French government claimed that horsemeat from the United States and Canada were the source of an outbreak of trichinosis. Imports of U.S. and Canadian fresh, chilled, packaged horsemeat, which account for nearly 90 percent of U.S. horsemeat sales, were banned beginning December 23. The ban was allowed to expire at the end of February 1994. A similar ban was in effect from March to May 1991.

The second dispute involved U.S. fish exports to France in March 1994. After a series of violent protests by French fishermen, the French government adopted import inspection processes that led to the destruction of millions of dollars worth of fish. Containers were left to spoil in warehouses, and Charles DeGaulle Airport was closed to imports of fish products. The United States protested the French actions, and the European Commission began proceedings against the French for infringements of EU trade law. The French government acted to resolve the dispute by establishing a list of acceptable export companies, including U.S. exporters.

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Grains

Difficult weather conditions affected planting and early crop development in the EU, and grain production is expected to be slightly lower than in 1993/94. The EU has managed to reduce its sizable intervention stocks, which began the 1993/94 marketing year at record highs. The agricultural agreement under the General Agreement on Tariffs and Trade will strongly influence EU exports beginning in 1995, when it goes into effect. [Mary Lisa Madell]

Total EU grain production (excluding rice) is expected to reach 160.5 million tons for the 1994/95 marketing year, down nearly 2.5 million tons from the year before. Wheat output will increase 1.6 million tons to 81.9 million, however, coarse grain production is expected to drop nearly 5 percent, to 78.6 million tons.

The decrease in output is chiefly attributed to an extended period of hot, dry weather in the summer, just before the harvest. Coarse grains area declined in favor of wheat and oilseeds. Grain area in the EU has been reduced from historical levels by CAP reform, which requires large arable crops producers to remove part of their area from production to qualify for compensatory payments.

Weather Problems Affect Yield and Quality

Weather conditions for planting winter crops were less favorable than usual across much of Northern Europe. Wet weather delayed planting and made it difficult for farmers to prepare their fields adequately. Farmers whose land was flooded received a 6-week extension on the requirement to clear land for the set-aside by January 15.

In many areas, the negative impacts of the cold and wet spring on fall planted crops appeared to have been minimized by very good conditions in late spring and early summer. However, very dry, hot weather in late June and July affected yield and quality of the summer crops, particularly on lighter soils. With lots of moisture early in the growing season, plants did not develop the extensive root structures needed to carry them through the dry spell. Spanish grain production in particular was reportedly badly affected by drought.

An increase in small kernels is being reported as a result of the hot, dry weather, but protein levels appear adequate. The 1993 harvest was affected by quality problems, as cold, wet weather resulted in large quantities of lower quality feed wheat. Grain of lower quality receives a lower price, because it cannot meet millers' standards, and may not be eligible for intervention support from the EU. To be eligible for intervention, grain must meet certain quality standards for moisture, weight, and protein content.

Further Area Expansion in 1995?

EU grain area could increase in 1995. The U.S.-EU oilseeds agreement limits the oilseeds area eligible to receive the oilseeds direct payment. This area is expected to be exceeded in 1994, which will trigger reductions in the oilseeds payment.

Producers who planted oilseeds for 1994 may decide to switch area into grains because of lower oilseeds payments.

Durum wheat area should increase for the 1995 crop, at the expense of common wheat and other grains, because the area eligible for the supplementary durum payment was expanded as part of the 1994/95 price decisions. The traditional durum wheat areas of Spain, Portugal, and Italy were expanded a total of 30,000 hectares. In France, 50,000 hectares of durum will be eligible for a lower supplementary payment. While considerably lower, the payment should make durum production as cost effective as common wheat production in high-yielding areas of France.

CAP reform limits the total number of hectares eligible to receive grains, oilseeds, protein crops, or set-aside payments. A number of modifications to the base areas were made during 1993/94. German base areas were increased a total of 181,000 hectares, to account for errors in former East German statistics (Scottish base areas were also adjusted, but with no net increase). The inclusion of linseed in the arable crops regime increased total EU base areas nearly 73,000 hectares, chiefly 54,000 hectares in the U.K. With reduced support to linseed, some of this area could be switched to grains.

Set-aside Flexibility Could Contain Area

Increased flexibility of the set-aside arrangements could increase the number of farmers opting to set aside as well as encouraging participating farmers to set-aside more of their area. For 1994/95, farmers could opt for a non-rotational set-aside with a higher set-aside rate (18 percent in the U.K., and 20 percent elsewhere, compared with the rotational rate of 15 percent), or a combination of fixed and rotational set-aside at the higher rate.

Producers can pay another producer to execute their set-aside obligation for them, as long as the other producer is no more than 20 kilometers away. Transferred set-aside is also at the higher rate, and must be adjusted for differences in yield regions. Farmers will also be able to set aside additional area, as long as the area set aside does not exceed the area for which arable crop payments are requested, or the limit set by the member state. Producers who set aside beyond this limit under the 5-year plan have the option of extending for another 5 years.

Producers may choose one of the set-aside options that requires a higher set-aside rate for a number of reasons. Farmers could benefit from setting aside areas with poorer soils, small or

awkwardly shaped parcels, or fields far from the main farm. Transferring the set-aside obligation might be preferable to altering a rotation. As the implementation of the reform program continues, more farmers are expected to participate.

The effectiveness of the set-aside program in reducing area depends to an extent on the enforcement mechanisms. The arable crops regime contains penalties for exceeding the total base area. Base areas were exceeded in the new Länder of Germany and in Scotland in the first year of the program. The penalties for the overshoot were much reduced from the statutory levels, and the base area in Germany was increased. Producers may believe that the penalties for exceeding the limits may not be fully applied, making the base area limits difficult to enforce.

Intervention Stocks Reduced

Intervention stocks of grain were drawn down significantly during 1993/94. Stocks began the 1993/94 marketing year at record highs: 33.4 million tons of total grains, including over 15 million tons of common wheat, 3.4 million tons of durum wheat, and 8.8 million tons of barley (tables 5.1 and 5.2). Before the start of the marketing year, when the average grain buying-in price fell nearly 23 percent, producers, traders and other private entities were reluctant to hold stocks. Grain supplies were pushed into intervention stores, at a time when buyers were waiting for the price to fall before making large purchases.

By the end of 1993/94, intervention stocks of common wheat, durum wheat, and corn were reduced by more than half, and barley stocks had fallen by 26 percent. A number of factors helped reduce intervention stocks. The Commission sold 19 million tons of grain from intervention stores, twice the quantity sold the previous year. The introduction of the CAP reform set-aside requirement was a major factor in reducing production nearly 3 million tons. Finally, the use of grain for feed increased significantly.

Most of the grain sold out of intervention was destined for export outside the EU. For the past several years, the EU has concentrated on export sales from intervention during the first half of the marketing year (from July through January), and then permitted more open market sales from January through June. In managing the market during 1993/94, the Commission tightly controlled open market sales. The use of both standing refunds and open market sales for export was reduced from the previous year.

Lower Grains Prices Increase Feeding

Lower prices under CAP reform have encouraged an increase in grain feeding over 1992/93. Feed use of common wheat rose sharply. The lower grain prices were compounded by high world oilseed prices that displaced oilseeds in favor of grains. Feed quality wheat was in abundant supply, and its price is no longer directly supported by intervention. The percentage of grain incorporated in feeds increased in most member states, and on-farm grain feeding rose in a number of member states as well.

Rice in the EU

The EU's support regime for rice was established in 1967, and is very similar to the original support regime for other grains. Intervention purchases, variable import levies, and export refunds are available to provide price support to domestic producers. The Commission has chosen to rely more on subsidized exports to manage the rice market rather than intervention purchases. Rice was not included in the new arable crops regime established by CAP reform.

Rice is produced in five member states of the EU: Italy (about 62 percent of total production), Spain (24 percent), France (6 percent), Greece and Portugal (about 4 percent each). The rice produced in the EU falls into two major groups, Japonica and Indica. Japonica rice is consumed in the countries where it is produced, chiefly Italy and Spain, where it is part of the traditional cuisine. By contrast, Indica rice is preferred in the northern member states. Within the EU, there is a production surplus of Japonica rice that must be exported with subsidies, while there is a deficit of Indica rice.

To encourage producers to switch production from the surplus medium or round grain rice to the long grain Indica type, the Commission created a special Indica rice payment in 1987. It was limited to Indica rice (producers must submit samples of their rice for testing) and made on a per hectare basis. The payment was originally available through the 1992 harvest, but was extended until 1993. In addition, beginning with the 1993/94 marketing year, Japonica rice sold into intervention will receive just 90 percent of the intervention price, compared with 94 percent for Indica rice.

The Indica rice subsidy was successful in expanding EU production of long-grain rice. Increased quantities of EU-produced long-grain rice compete with rice imported from the United States. The Indica rice subsidy was eliminated as part of the 1994/95 price package, but Indica rice will continue to benefit from a higher buying-in price than Japonica rice. Under the GATT agreement, the EU agreed to bind the variable levy for rice, and to reduce this levy by 36 percent. The reduction in the import barrier could benefit U.S. rice exports. Should the EU reduce rice prices (similar to the reduction in grains prices under CAP reform), it will adjust the import barrier to reflect the margin of preference that applied before the GATT agreement.

With a further 7.7 percent reduction in EU grain intervention prices, feed use of grains could increase again in 1994/95. However, feed use will be influenced by the prices and the availability of oilseeds and competing feeds. The availability of fodder crops may have been reduced by the dry weather, but feed wheat will not be as abundantly available as last year. The ECU's appreciation against the dollar makes imported oilseeds and oilmeals more cost competitive.

Very little grain entered intervention stores during 1993/94, and the intervention stocks should not increase for 1994/95. Quality problems may also constrain the amount of grain that can enter intervention stores. Prices have started the 1994/95 marketing year relatively high (they are not directly supported until intervention opens in November for the northern member states). At the August 18, 1994 cereals management committee meeting, it was decided to open a tender to sell 1.6 million tons of grains onto the internal market. The tender is quite extensive, particularly this early in the marketing year, and is

designed to keep market prices closer to the levels expected under CAP reform (table 5.3).

Exports Drop with Lower Output

Wheat exports in 1993/94 are estimated at 18.5 million tons, and coarse grain exports at 9.3 million tons. These volumes reflect declines from the previous year. Production fell because of CAP reform, while demand on the internal market increased.

Grain exports for 1994/95 are expected to decline again. Wheat exports are forecast at 18 million tons and coarse grain exports at 8.8 million tons for 1994/95. Lower production and increased grain used for feed reduce the availability of grain for export. In addition, the EU has significantly reduced its intervention stocks. The absence of credit guarantees for

the countries of the former Soviet Union will make exports to this important outlet extremely difficult.

Under the agriculture agreement reached in the Uruguay Round, EU subsidized grain exports would be constrained beginning in 1995. The EU will face a limit on the quantity of grains it can export without a subsidy (see figure 11.2). At current world prices, the EU will require subsidies to export grain (except possibly durum wheat). In the first year of the GATT implementation, the EU can export 18 million tons of wheat and 11 million tons of coarse grains and grain products such as wheat gluten and starch.

Also as part of the GATT agreement, the EU has agreed to preserve import access commitments to the United States, covering 2 million tons of corn and 300,000 tons of sorghum to be imported by Spain, and 500,000 tons of corn for Portugal.

Table 5.1: EU grain intervention balance sheet by product, 1993/94

	Total bread & feed wheat	Bread wheat	Feed wheat	Durum wheat	Barley	Total rye	Bread rye	Feed rye	Corn 2/	Sorghum	Total Grain
-----1,000 tons-----											
1. Opening stocks	15,041	14,586	455	3,398	8,812	2,446	1,893	553	3,580	152	33,428
2. Quantities accepted	2,049	2,049	0	0	2,542	898	0	898	217	0	5,707
3. Quantities sold	11,030	10,739	291	2,252	4,988	815	375	440	2,673	6	21,765
A) Internal market	1,489	1,206	282	1,866	218	264	260	4	1,076	6	4,918
B) Exports	9,383	9,375	9	293	4,768	551	115	436	1,597	0	16,593
C) Food aid	156	156	0	91	0	0	0	0	0	0	248
D) Losses	2	2	--	1	2	1	1	--	--	0	6
4. Gross balance (1+2-3)	6,060	5,896	164	1,146	6,366	2,529	1,518	1,011	1,124	146	17,370
5. Quantities committed	1,443	1,340	103	1	896	490	458	32	291	146	3,267
A) Internal market	261	158	103	1	50	25	25	0	291	146	774
B) Exports	1,182	1,182	0	0	845	465	433	32	0	0	2,492
C) Food aid	0	0	0	0	0	0	0	0	0	0	0
6. Net balance (4-5)	4,616	4,555	61	1,145	5,470	2,039	1,060	979	832	0	14,104
7. Quantities under offer	420	420	0	6	160	16	0	16	7	14	623
8. Total (4+7)	6,480	6,316	164	1,152	6,526	2,545	1,518	1,027	1,130	160	17,993

-- = less than 500 tons.

Source: European Commission, July 7, 1994 Management Committee.

Table 5.2: EU grain intervention balance sheets by country, 1993/94

Total Grains	Belgium	Denmark	France	Germany	Greece	Ireland	Italy	Lux.	Neth	Port.	Spain	U.K.	EU-12
-----1,000 tons-----													
1. Opening stocks	322	1,546	11,821	13,183	873	241	2,681	2	0	--	1,028	1,731	33,428
2. Quantities accepted	28	618	1,173	3,032	0	7	0	0	0	0	773	76	5,707
3. Quantities sold	303	640	9,197	8,247	432	72	1,857	--	0	--	549	467	21,765
A) Internal market	63	180	1,525	653	394	72	1,529	0	0	--	248	256	4,918
B) Exports	189	460	7,608	7,550	0	0	293	0	0	0	281	212	16,593
C) Food aid	52	0	64	40	37	0	34	0	0	0	20	0	248
D) Losses	0	0	0	4	1	0	0	--	0	--	1	--	6
4. Gross balance (1+2-3)	47	1,524	3,797	7,968	441	177	824	2	0	--	1,252	1,339	17,370
5. Quantities committed	14	387	881	1,546	10	16	0	0	0	0	284	129	3,267
A) Internal market	4	115	375	209	10	16	0	0	0	0	0	45	774
B) Exports	10	272	505	1,337	0	0	0	0	0	0	284	84	2,492
C) Food aid	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Net balance (4-5)	33	1,137	2,916	6,422	431	160	824	2	0	0	968	1,210	14,104
7. Quantities under offer	0	16	465	134	0	0	0	0	0	0	5	3	623
8. Total (4+7)	47	1,540	4,262	8,102	441	177	824	2	0	0	1,256	1,341	17,994

-- = less than 500 tons.

Source: European Commission, July 7, 1994 Management Committee.

Table 5.3: Internal market tenders

	Bread wheat	Feed wheat	Durum wheat 1/	Barley	Rye	Corn	Sorghum
August 4 to September 1, 1994							
-----Thousand tons-----							
Belgium 2/	2,523	4,000	--	32,977	--	--	--
Denmark	100,000	53,559	--	44,828	50,000	--	--
Germany	100,000	50,490	--	100,000	50,000	100,000	--
Spain	--	--	--	100,000	89,858	--	--
France	100,000	--	--	100,000	4,713	50,000	159,644
Ireland	--	6,687	--	50,000	--	--	--
Italy	--	0	200,000	54,783	--	53,026	--
U.K.	3,290	38,741	--	100,000	--	--	--
Greece	--	--	200,000	--	--	--	--
EU total	1,999,119	305,813	400,000	582,588	194,571	203,026	159,644
July 29 to September 2, 1993							
-----Thousand tons-----							
Belgium 2/	--	--	--	--	--	--	--
Denmark	--	--	--	--	--	--	--
Germany	40,000	--	--	--	200,000	--	--
Spain	--	--	50,000	--	--	--	--
France	--	--	--	--	--	700,000	--
Ireland	--	--	--	--	--	--	--
Italy	--	--	400,000	--	--	--	--
U.K.	--	--	--	--	--	--	--
Greece	--	--	200,000	--	--	--	--
EU total	1,590,000	40,000	0	650,000	0	700,000	0

1/ Includes increases in previously announced tenders.

2/ Includes Luxembourg.

Source: Agra Europe.

These will be maintained as minimum purchase agreements. The EU has also committed itself to allow the levy-free import of 300,000 tons of high quality common and durum wheat annually, chiefly from Canada.

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Oilseeds

EU oilseed output rose in 1994 due to higher market prices and weather conditions that favored planting oilseeds over grains. Planted area was unchanged despite oilseed area limits imposed on EU producers in the first year of the U.S.-EU oilseed agreement. Oilseed area and production in the EU may decline in 1995 in response to lower market prices and expected penalties for overplanting in key oilseed-producing countries. Crush demand should recover with improved crush margins. [Mary Anne Normile]

Production Up in 1994, Expected Down in 1995

EU production of the three major oilseeds--rapeseed, sunflowerseed, and soybeans--is estimated at 11.2 million tons for 1994, up from 10.1 million last year. Area is unchanged from 1993 at 5.2 million hectares, although more rapeseed and soybeans have been planted, and less sunflowerseed. Oilseed producers responded to higher world oilseed prices by maintaining planted area despite possible cuts in producer payments when oilseed area exceeds limits established in the U.S.-EU oilseed agreement.

Exchange rate devaluations in certain producing countries significantly raised oilseed prices in local currencies, inducing producers to increase oilseed area. Weather also significantly influenced producers' planting decisions. Adverse weather conditions in fall 1993 reduced winter grain sowings, leaving larger areas to be planted to spring crops, including oilseeds. Rapeseed area rose because wet weather at spring planting time in Germany and other northern European countries adversely affected winter grains. Persistent drought in Spain continues to favor planting drought-resistant sunflowerseed despite Spanish government regulations designed to limit sunflower acreage. Wet soil conditions in northern regions of the U.K. also favored planting rapeseed at the expense of spring barley.

Producer penalties expected to result from overplanting will likely be small, and will have a negligible effect on 1995 oilseed production in most EU countries. World oilseed prices are expected to weaken later this year in response to large soybean crops in South America and the United States.

Oilseed Production Rises, Total Area Unchanged

EU rapeseed production in 1994/95 is expected to be 6.24 million tons, up from 5.95 million in 1993/94. Preliminary data put EU rapeseed area at 2.36 million hectares, up from 1993/94's 2.14 million. Area increased in the large rapeseed-producing countries of France, Germany, and the U.K., as well as Spain, where area grew from 10,000 hectares last year to 58,000 this year. Rapeseed area in Denmark, at 160,000 hectares, is down slightly from last year, but down almost 40 percent from the early 1990s. Danish rapeseed area is expected to remain down, due to the area limits imposed by the U.S.-EU oilseed agreement.

Higher world market prices for rapeseed that followed higher soybean prices resulting from the flood-reduced U.S. crop encouraged producers to increase area planted in 1994. Much of the increase in rapeseed area is due to expanded plantings

of industrial rapeseed on set-aside land (see article on industrial use). Rapeseed yields in most countries in 1994 are expected to be lower than last year's due to wet conditions in the spring. Nonetheless, production will increase based on expanded area.

EU sunflower area will be lower than last year, due to a sharp decline in area planted in Spain that outweighed expanded plantings in Germany, Italy, and France. Sunflower area is rising in areas outside Spain in response to good yields in 1993 and favorable market prices, as well as the growth in plantings on set-aside land for industrial use.

Faced with a likely large overshoot of the Spanish sunflower area limit, the Spanish government imposed measures aimed at reducing sunflower area. The measures affect all oilseeds, but are intended to deter sunflower producers from repeating the large plantings of 1993/94 in response to high area payments. The Spanish government hoped to prevent the steep payment cuts that would have resulted if sunflower area greatly exceeded Spain's area limit. The regulations include: prohibitions on planting oilseeds in non-traditional oilseed areas with low grain yields or in areas traditionally planted to rice; mandatory rotation; limits on oilseed plantings to 50 percent of total arable crops area; and requirements that certified seed be used and that traditional cultivation practices be applied.

In response to these regulations, Spanish sunflower area fell from a record 1.7 million hectares in 1993 to 1.22 million this year. Despite reduced area, EU sunflowerseed production is expected to rise due to higher yields. In 1993, a severe drought and poor cultivation practices led to sharply reduced yields in Spain, the EU's largest producer. Spanish yields are expected to recover somewhat this year, but at 0.95 tons per hectare remain below the historical average of approximately 1.0 ton per hectare, due to persistent drought and low reserves of water for irrigation.

Increased sowings of soybeans in Italy and France, the EU's two largest soybean-producing countries, will lead to an expected 33-percent increase in EU soybean production. Italy's soybean production had dropped sharply following the implementation of grain and oilseed policy reform measures that eliminated the financial incentive for double-cropping soybeans. This year's rebound in area was prompted in part by fears that Italy would exceed its corn base area and that it would lose its allocated oilseed area quota if production were cut back too far. Soybean plantings were also spurred by more favorable price prospects for soybeans than for corn,

soybeans' chief competing crop in Italy. French soybean area rose 64 percent in response to higher market prices and because soybean growers throughout France became eligible for the higher compensatory payments for irrigated soybeans that were limited to certain regions last year.

Oilseed Agreement Takes Effect

The 1994 oilseed crop is the first to be affected by the provisions of the U.S.-EU oilseed agreement (referred to as the "Blair House" agreement). The agreement limits oilseed area eligible for producer payments in the EU. The agreement sets a separate base area for EU oilseeds of 5.499 million hectares, which includes separate base areas for sunflowers in Spain and Portugal, and 5.128 for the entire EU in 1995/96 (table 6.1). The area totals are reduced by a mandatory set-aside, which is the greater of the rotational set-aside rate established for the arable crops regime, or 10 percent. In 1994/95, the 15-percent set-aside rate for arable crops applies to the oilseed base areas, resulting in the effective planted area limits shown in table 6.1.

The oilseed area limit is enforced by a penalty equal to 1 percent of the oilseed area payment for each 1 percent that total EU oilseed area exceeds the limit. The EU has decided to distribute the oilseed base area to member countries ("national reference areas"), based loosely on their 1989-91 oilseed area (table 6.2). If the global EU area limit is exceeded, only those countries that exceed their national reference areas, reduced by the set-aside rate, are penalized. However, the weighted average reduction for the Community as a whole must equal the percentage by which the global EU area limit has been exceeded.

In 1994/95, the oilseed area of the EU countries (excluding Spanish and Portuguese sunflower area) will exceed the area limit of 3.371 million hectares by 1 percent (estimated). Of the 12 EU countries, only France, Germany, and Spain (non-sunflower oilseeds) exceed their national area limits. The weighted average penalty for all EU countries must be 1 percent; the reduction is zero for those countries that did not exceed their national area limits. The payment cut for countries that exceeded the limit is therefore larger, but small this year because the overshoot for the EU as a whole is so small.

Reductions are made to the current year (i.e. 1994/95) payment. Payments for those countries for 1995/96 will start out at the new lower level, but may return to the higher level if the area limit is respected next year. According to USDA area estimates, Spanish sunflower producers did not exceed their separate area of 1.2 million hectares. Thus there will be no reduction in the Spanish sunflower payment.

In implementing the agreement, the EU does not consider the oilseed area under the simplified scheme as "eligible" for the purposes of determining whether area limits are exceeded. Producers under the simplified scheme, or "small producers," apply for compensatory payments for area capable of producing less than 92 tons of grain based on regional yields. They are not required to set aside land, but receive the lower grain area payment for their oilseed area. These small producers are considered by the EU to receive payments that are not "crop specific," and thus not subject to the limits imposed in

the Blair House agreement. Excluding these small producers would reduce the overshoot of the EU oilseed area limit. Spain's small producers, who receive "crop specific" payments under the transitional arrangement, are counted against Spain's eligible area this year.

In addition to limiting oilseed planted area, the EU agreed to take corrective action if the byproducts from oilseeds planted for industrial use on set-aside land exceed 1 million tons, soybean meal equivalent. Under the EU's arable crops re-

Table 6.1: Oilseed base areas and planted area limits

	Oilseed base area		Oilseed base area less 15% set-aside	
	1994/95	1995/96	1994/95	1995/96
---Thousand hectares---				
Spain, sunflower	1,411	--	1,199	--
Portugal, sunflower	122	--	104	--
EU-12, other	3,966	--	3,371	--
EU Total	5,499	5,128	4,674	4,359

Source: European Commission.

Table 6.2: Oilseed base area and planted area, 1994/95

	Reference area	Base area 1/	Estimated planted area 2/
---Thousand hectares---			
France	1,730	1,471	1,497
Germany	929	790	1,009
U.K.	385	327	301
Italy	542	461	338
Denmark	236	201	160
Other EU*	46	39	34
Spain			
Sunflower	1,411	1,199	1,200
Other	26	22	62
Portugal			
Sunflower	122	104	95
Other	1	1	0
Spain, sunflower	1,411	1,199	1,200
Portugal, sunflower	122	104	95
EU 12, other	3,966	3,371	3,401
EU Total	5,499	4,674	4,696

1/ Reference area reduced by 15 % set-aside.

2/ Excludes oilseeds for non-food use grown on set-aside.

Source: USDA data base; Agra Europe.

gime, certain crops for nonfood, nonfeed ("industrial") use may be planted on set-aside land, subject to certain restrictions (see article on industrial use). This area counts toward meeting the producer's set-aside requirement, and the producer receives the set-aside premium for this land in addition to receipts from sale of the crop.

Thus far, industrial use oilseeds planted on set-aside land have consisted mainly of rapeseed, but sunflowerseed for nonfood use is increasingly being grown on set-aside land. The Blair House agreement limits oilseeds for industrial use grown on set-aside land. Set-aside land planted to industrial oilseeds does not count against the oilseed area limit of the U.S.-EU oilseed agreement.

The 1994/95 crop year is the last in the transition arrangement for Spanish and Portuguese sunflower producers required by the Treaties of Accession. The transition arrangement dictated the separate base area for Spain and Portugal, as well as different, higher area payments for sunflowerseed. Support for rapeseed and soybeans was aligned with EU-10 support in 1992. In 1995/96, Spanish and Portuguese sunflowerseed producers will come under the EU arable crops scheme, and will receive the same compensation (regionalized to reflect Spanish and Portuguese yields) as other EU producers. The separate base area for Iberian sunflower producers will expire. The per hectare payment for sunflowers in Spain will fall 37 percent for large producers, and 57 percent for producers in the simplified scheme (small producers). Payment reductions of this magnitude will likely shift large areas of sunflowers into other crops--wheat on dry land, and corn, rice, and cotton on irrigated land.

Demand for Oilseeds Expected To Recover

EU consumption of oilseeds and their products will be affected by prices, their respective prices of competing products, and demand for oilseed meal and vegetable oil. A decline in oilseed prices in 1994/95 is expected to spur a partial recovery from the low 1993/94 crush demand that was hurt by poor crush margins. Increased demand for rapeseed and sunflowerseed oil for biodiesel is contributing to higher crush demand. However, oilseed meal consumption is expected to decline again due to higher domestic meal prices in countries whose currencies have depreciated.

Competition from lower-priced grain will increase in 1994/95 as support prices fall 8 percent in the second year of CAP reform support price cuts. The substitution of cheaper grain for oilseeds could be offset somewhat by lower prices of oilseeds and products as world supplies recover from last year's flood-reduced levels. Demand for meal is also expected to rise moderately due to an expanding livestock sector. EU hog production is forecast to rise 1 percent in 1994/95, and poultry production is expected to increase 1 percent or less. Pork and poultry are the biggest users of oilseed meal in the EU. Full-fat oilseed feed use is also expected to decline, due mainly to competition from cheaper grains and nongrain feed ingredients¹.

Soybean Imports May Rebound

In 1993/94, EU soybean imports fell an estimated 15 percent due to low crush margins, while imports of soybean meal rose. U.S. exports to the EU, which consist mainly of soybeans, were hard hit by the shift toward soybean meal, which the EU imports from South America. EU soybean imports are expected to recover with improved crush margins in 1994/95, as soybean prices fall because of large crops in the United States and South America. The shift back to soybeans could favor U.S. exports. If the current U.S. dollar's weakness persists, EU demand for soybeans and products could strengthen as the price to European buyers of soybeans and products, which are invoiced in dollars, falls.

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¹ Full-fat oilseeds are whole oilseeds used as animal feed. In addition to the protein-rich meal component, the oil component of the oilseed is used to provide energy.

Sugar

Sugar producers and industry officials once again await the release of the EU sugar reform proposal, but no major changes are expected. Uncertainties over how the EU will implement the GATT agreement worry the sugar industry and member states. The incorporation of inulin syrup into the EU sugar regime will limit inulin production.

[Elizabeth Jones]

High Sugar Content and Yields Boost Sugar Production

Record yields and high sugar content in Germany, France, and Belgium raised EU sugar production 2 percent to 17.4 million tons in 1993/94.¹ Bad weather caused the worst sugar harvest in Ireland in 13 years. Danish production returned to normal in 1993/94, after drought lowered production 12 percent the previous year. The EU average sugar yield increased 5.8 percent to 9.06 tons per hectare in 1993/94, from 8.56 tons a year earlier. Limited by a 291,000-ton production quota, isoglucose production was 287,000 tons.

Sugar production is projected to decrease 9.2 percent to 15.8 million tons in 1994/95 as yields are expected to fall to more normal levels due to a hot summer and late plantings and producers reduce sugarbeet area to match anticipated declines in outlets for nonquota sugar. The guaranteed domestic price is unchanged.

In September 1994, the Commission temporarily reduced the minimum reserve stock requirement for A sugar from 5 to 3 percent following a request from Germany and the Netherlands claiming a shortage of market supplies. This derogation will apply throughout the EU and for "only as long as the period of instability lasts."

Nonquota or C sugar production reached 2.5 million tons in 1993/94, up 310,000 tons from a year earlier. France, Germany, and the Netherlands consistently produce more than their quotas, with production of C sugar in the Netherlands representing 20 to 30 percent of its total quota. Producers can also opt to carry over a portion of their C sugar to the next marketing year to be used as the first tranche for the following year's A quota. Sugar producers carried over 869,000 tons into the 1994/95 marketing year (figure 7.1).

Uncertainties over the outcome of the regime's reform and an overabundance of nonquota sugar have led some producers (German, French, Dutch, and Belgian) to voluntarily cut production by reducing area to 1.9 million hectares, down 20,000 hectares from 1993/94. Production of quota sugar will not be affected by any cut in area, as growers will continue to produce to quota given that EU sugar prices are more than twice the world sugar price.

Generally, producers and farmers determine the size of the area to be cultivated for quota and nonquota sugar during the prior year's summer, preceding the release of the sugar price

in the spring. For producers in some member states, the decision to raise or lower nonquota sugar production is based on expected returns from sale on the world market. If returns are low, producers can store nonquota sugar until such time when exports are deemed profitable, but not to exceed 18 months from the beginning of the marketing year (July to June) in which it was produced.

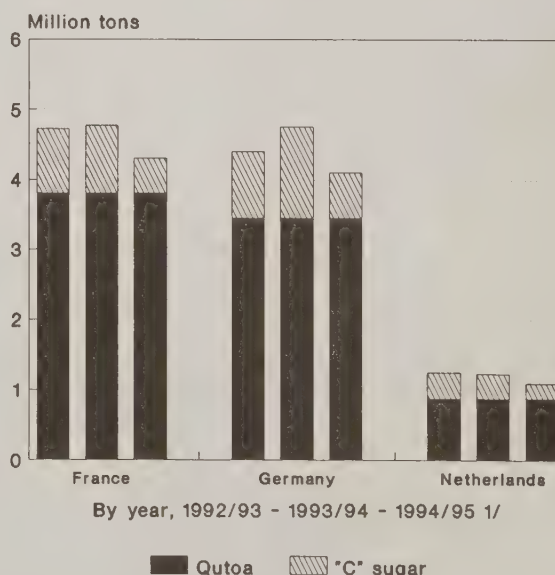
Higher yielding beet varieties, improved farming practices, and a more efficient industrial process for extracting sugar have contributed to increased production over the last two decades. Technical advances in sugarbeet seed have reduced input use and costs, and improved yields. The use of mono-germ seeds has increased germination to near 90 percent and significantly reduced labor previously required for plant thinning.

Consumption Declines as Household Use Drops

Sugar consumption is projected to decline 1.5 percent in 1994/95 to 13 million tons, as household use falls and food processing use climbs. Isoglucose (high fructose corn syrup) consumption is expected to remain flat at 286,500 tons in 1994/95.

Figure 7.1

Some Members Consistently Produce C Sugar for Export



1/ Estimated.
Source: USDA.

¹Unless otherwise indicated, all data reported as raw value.

Inulin Syrup May Erode EU Sugar Consumption

As of July 1994, inulin syrup was incorporated into the EU sugar regime. Inulin syrup, a sugar substitute made from chicory or Jerusalem artichoke, was first produced in the EU in 1991. Production now totals approximately 118,500 tons and is concentrated in Belgium, the Netherlands, and France. Inulin is blended with glucose corn syrup to produce high fructose corn syrup.

Under the sugar regime, inulin production will be subject to national quotas based on current production capacity, as determined by each member state. Quotas have been awarded only to member states that were producing inulin between July 1992 and June 1993. Member states submitted quotas estimating future processing capacity at 511,400 tons, a level that is well above 1992/93 production of 118,500 tons. After much controversy, the Commission appears to have settled on a total production quota of 339,221 tons. The Commission will vote in the fall on a proposal for granting export refunds for inulin syrup produced within quota (table 7.1).

Some member states believe the integration of inulin into the sugar regime may displace 370,000 tons of EU sugar. If sugar production is high, the EU would be required to export a corresponding amount of sugar with export subsidies.

Nonquota Sugar Exports To Rise in 1994/95

Sugar exports are expected to decline 10 percent to 5 million tons in 1994/95. Nonquota exports (C sugar) are projected to be 1.7 million tons. Subsidized exports totaled 3.2 million tons in 1993/94, just slightly under 1992/93 subsidized exports of 3.4 million tons. In 1993/94, the EU budgeted 1.4 billion ECU (\$1.7 billion) for export refunds. Export refunds are used to export surpluses of A and B quota sugar and processed products containing sugar. These refunds are financed by production levies on A and B quota sugar paid by processors. Nonquota sugar exports increased 48 percent to 3.1 million tons in 1993/94, with France, Germany, and the Netherlands as major exporters. Germany is expected to export nearly 1.9 million tons (including intra-EU trade), in 1993/94, mainly to central and eastern Europe and the former Soviet Union. France, exporting over half its sugar as C, ships to the former Soviet Union, Algeria, and Iraq, among others.

In 1994/95, the EU will import 1.5 million tons of cane sugar at the guaranteed intervention price for raw sugar from the

French overseas territories (DOMs) and the African, Caribbean, and Pacific (ACP) nations, in compliance with its preferential trade agreement under Protocol 8 of the Lomé IV Convention. This total represents a shortfall of 200,000 tons from the established quota of 1.7 million tons and is due primarily to adverse weather conditions in some ACP countries and increased domestic consumption. France, Portugal, and the U.K., the traditional importers and refiners of ACP and DOM quota sugar, will share the shortfall.

Portugal, currently not a sugar producer, annually imports approximately 260,000 tons of sugar from the world market at preferential levy rates. The ACP countries are pressing the Commission for the authority to supply 240,000 tons of preferential imports of raw cane sugar to Portugal.

Producers' Income To Remain Constant

Variation in the world price of sugar is not likely to affect EU producers' income from quota sugar. However, producers could face an income drop in the future were the intervention price to be cut with the implementation of the GATT agreement or as part of the reform of the sugar regime. For 1994/95, the guaranteed domestic price of white sugar will remain unchanged from 1993/94 at 52.33 ECU per (\$77) 100 kilograms and producers' income should remain stable. Sugarbeets continue to be an extremely profitable crop, with producers in Britain, for example, receiving double the margins earned on winter wheat. As part of the 1994/95 price package, the Commission lowered the monthly reimbursement of storage costs received by the sugar industry by 23 percent to 0.4 ECU (59 cents) per 100 kilograms due to a general reduction in prevailing EU interest rates.

Reform Proposal May Be Issued by Autumn 1994

Once again, the EU has stated its intention to reform the sugar regime. Until now, CAP reform and the uncertainty over the future of the GATT negotiations have deflected attention away from reform. Recent debate has focused more on the implications of the GATT agreement on the sugar regime than on whether reform of the sugar regime should occur. Because the sugar regime is perceived to be "self-financing," the Commission faces minimal pressure to initiate reform.

The impetus behind reform has changed since talks first began in 1992. With reform of the CAP undertaken, EU budgetary pressures to reform the sugar regime have eased. Member state pressure in favor of reform is limited to the U.K. No

Table 7.1: Inulin syrup quotas will limit future production

Member State	Production in 1992/93	Technical capacity 1992	Production Quota as of 1994/95	Forecast Production 1993/94	Forecast Production 1994/95
---Tons---					
Belgium	19,500	38,000	24,699	20,000	0
France	28,500	125,000	81,536	38,700	30,800
Netherlands	70,500	348,400	232,986	58,600	73,600
EU-12	118,500	511,400	339,221	117,300	104,400

Source: Agra Europe.

high-profile political problem in the sugar sector exists to ignite reform. The European Sugar Beet Producers Association has called for a continuation of the present regime with only a few amendments, such as the inclusion of all caloric sweeteners into the regime. The European Committee of Sugar Manufacturers, claiming the "regime protects producer incomes, prevents the accumulation of stocks, and is neutral for the budget," has asked the Commission to leave the sugar regime essentially unchanged.

Faced with high sugar prices and tight controls on low-priced sugar substitutes, the Committee of Industrial Users of Sugar (CIUS) has called for the dismantling of the regime. The CIUS seeks a reduction in internal prices and quotas, increased supply of both white sugar and sugar substitutes, quota transferability across national borders, and the abolition of the distinction between A and B quotas.

Before the August vacation, the Commission wrote a "Reflections Paper" suggesting two alternative methods of reform, neither of which would entail major changes to the current structure of guaranteed prices and production regulated by quota. One option proposes a series of reductions in sugar support prices over the next few years, while the other suggests reviewing prices and quotas annually in response to market developments. The Commission plans to release its official reform proposal in the fall of 1994. The new regime is scheduled to take effect July 1, 1995.

Implementation of the GATT Agreement Worries Sugar Industry

Under the GATT agreement, the EU pledged to reduce subsidized exports by 370,000 tons and the expenditure on them by, on average, 36 percent by the year 2000, and to maintain the current level of imports. The EU will likely meet its GATT commitment to reduce the volume of subsidized exports by 21 percent given the reduction in exports from the base year and provided consumption remains stable or increases.

The EU will continue to meet its current access commitments by sugar imported under Protocol 8 of the Lomé Convention. Imports represent approximately 10 percent of domestic consumption. Tariffication of the variable levy is not expected to increase import opportunities due to the high level of the duty. ACP imports enter the EU duty free.

Portugal, France, and the U.K. currently import specific quantities of raw sugar for refining from various sources such as overseas French territories. The EU is proposing to change the arrangements so these countries will import raw sugar from ACP sources. Any increase in preferential imports from the ACP countries would then be deducted from the EU's subsidized export ceiling, thereby increasing the overall level of permitted EU subsidized exports.

The EU has yet to decide how it will implement the GATT agreement. Member states, industrial users, and producer organizations are offering their suggestions. Member states are divided, as they are about reform, on whether the EU should lower the intervention price or reduce the national quotas to meet the 370,000-ton subsidized export reduction

limit. The U.K., France, and the Netherlands could probably handle a price cut, particularly given the strength of the industry in these countries. Conversely, Belgium and Italy would be more likely to favor a quota cut as Belgium's quota is quite generous and Italy often produces under quota.

Two factors may affect the implementation of the GATT agreement on the sugar regime. First, the enlargement of the EU to include Finland and Norway could increase internal consumption and intra-EU trade, and cut the level of subsidized exports to be reduced under the GATT. Second, the size of the reduction in subsidized exports required to meet the GATT commitment may be affected by the extent to which inulin syrup displaces consumption of domestically produced sugar and subsequently increases the sugar surplus.

Consumption To Expand with Enlargement

The EU could add Austria, Finland, Norway, and Sweden to its membership by January 1, 1995. If national referenda are approved, these countries, as members, will be subject to the Common Agricultural Policy and the EU sugar regime. EU sugar exports to Austria, Finland, Norway, and Sweden will continue to qualify for export refunds until December 31, 1994.

As part of the membership negotiations, each applicant (except Norway, which produces no sugar) was assigned a production quota for A and B sugar. The combined annual sugar production in Austria, Finland, and Sweden currently averages approximately 1 million tons. Likewise, consumption averages 1.2 million tons. None of these countries is a major exporter.

Austria received a total quota of 424,375 tons, 1.5 percent under present consumption, while Sweden's quota is 402,000 tons, 10 percent over present consumption. Finland received a production quota of 160,000 tons, an isoglucose quota of 11,930 tons, and for 1 year, a preferential import quota of 40,000 tons. If domestic consumption remains at 232,000 tons, Finland will be required to import approximately 72,000 tons, which might provide an "export" opportunity for members of the current EU-12.

With the addition of four new members, total EU consumption could rise approximately 206,000 tons (table 7.2). Finland, given Community preference, would likely purchase its sugar from the internal market. And Norway would more than likely continue to import about 170,000 tons from the U.K. This

Table 7.2: EU sugar consumption may rise with accession

Country	EU production quota	Consumption 1994/95 1/	Surplus or deficit
---Tons---			
Austria	424,000	431,000	7,000
Finland	160,000	232,000	(72,000)
Sweden	402,100	360,000	42,100
Norway	0	170,000	(170,000)
Total	986,100	1,193,000	(206,900)

1/ estimated.

Source: European Commission; USDA.

additional "EU" consumption could, in effect, mean that the EU would have to reduce subsidized exports by only 163,000 tons, rather than 370,000 tons, to comply with its GATT commitment.

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Beef and Veal

In the EU beef sector, the implementation of a number of CAP reform policy changes has led to a reduction in intervention stocks. Beef production and consumption are relatively stagnant. Higher shipments of live animals will reduce 1994 meat exports below 1 million tons. [Daniel J. Plunkett]

EU beef and veal production is expected to increase slightly in 1994/95 and 1995/96 due to cyclical factors and an increase in recent years in the suckler cow herd (cows used to feed calves in beef production).¹ Production is forecast at 8 million tons for 1994/95, 1 percent over the year previous, with strong U.K. growth and stagnant production elsewhere. A further increase is anticipated in 1995/96 as calves born to suckler cows retained to receive the increased premium reach slaughter weight as adult bovines. Increased live animal exports could dampen EU beef production forecasts, while the number of calves born to the additional 2 million suckler cows retained since 1990 will be a factor supporting production. The EU's decision not to cut the milk quota 1 percent in both 1994/95 and 1995/96 will keep over 100,000 tons of beef from culled dairy cows off the EU market, but will result in more calves than if the milk quota had been reduced.

Beef and veal consumption in 1994/95 is expected to fall back to 1992/93 levels below 7.5 million tons, with the largest impacts in the Netherlands and Italy due to increased competition from pork and poultry. While per capita consumption of other meats, particularly poultry, has increased over the last decade, per capita beef consumption has fallen 1 to 2 kilograms to less than 22 kilograms. In July 1994, the second 5-percent cut in the intervention price for beef was made under CAP reform, with a similar cut due in July 1995. The total 15-percent price cut from 1991/92 is designed to maintain beef consumption in the face of lower retail prices for pork and poultry. With the CAP reform price cuts for cereals, production costs for pork and poultry are declining relatively more than for beef. The Commission believes that beef consumption is hampered by a "lack of trust on the part of the consumer" and is spending 10 million ECU (\$12 million) in promotional measures for high-quality cuts offering quality guarantees.

¹The EU's beef marketing year officially runs from April to March, although the CAP reform intervention price reductions take effect July 1 to coincide with the cereals marketing year.

Beef consumption for 1994/95 and beyond could be hampered by the German government's efforts to limit beef imports from the United Kingdom due to Bovine Spongiform Encephalopathy (BSE). Widespread publicity of the German government's concerns about the safety of U.K. beef prompted German consumers to shift away from beef, possibly hurting German beef producers in the process. To combat the spread of BSE, the EU tightened rules on the inclusion of protein from ruminants in feed for ruminants and will establish EU-wide standards for rendering meat and bone meal.

Producer prices for beef may shift downwards with the intervention price cuts, although the beef cycle can mask the effect in year-on-year comparisons. With the new deseasonality premium in effect, prices on the EU market should not dip as sharply in the fall, when the end of the grazing season in Ireland and elsewhere typically leads to a glut (figure 8.1).

EU Is Second-Largest Beef Exporter

The EU has been one of the world's two largest beef exporters in the 1990s, along with Australia. In 1994/95, however, EU beef exports probably will fall below 1 million tons for the first time since the late 1980s. All EU beef exports receive an export subsidy to bridge the gap with much lower world prices. With lower EU intervention prices, the EU cut export refunds for beef to all destinations by 5 percent in January 1994, although export refunds to the former Soviet Union were later increased by 400 ECU per ton in August. One of the main determinants of EU exports in 1994/95 and beyond will be whether the Commission clears out the remaining beef stocks. If EU intervention stocks fall to near zero by the end of 1994/95, exports in 1995/96 could fall to only 500,000 to 600,000 tons, well below the 1.118 million tons of subsidized beef exports permitted under the Uruguay Round.

The EU's main export markets are the former Soviet Union, the Middle East, North Africa, and Latin America. The EU does not compete for export beef sales to most of the main U.S. export markets (Japan, Canada, Korea). EU beef is

usually grass-fed and thus qualitatively different from U.S. grain-fed beef. In addition, a large share of EU exports have typically come from intervention stocks, with the time in cold storage significantly reducing the quality of the meat exported. One export market for both the United States and the EU is Mexico, which has imposed a 47-percent countervailing duty on subsidized EU beef on top of the 25-percent MFN tariff.

An important development in EU exports is the growing shift to trade in live animals, particularly from Ireland and Germany (figure 8.2). The Commission has emphasized the export of live steers as an alternative to selling into intervention. In some EU countries there are complaints about underutilized slaughter capacity and the transfer of the value-added process to live animal importers such as Egypt and Libya. Live animal trade has been so popular that in April the Commission was able to cut export refunds by 5 percent to 400 Irish pounds (\$621) for a half-ton steer without affecting the trade.

In May, the Commission announced it would strive to no longer disrupt local markets for beef in developing countries. Prices in five west African countries (Benin, Ghana, Ivory Coast, Senegal, and Togo) were cited as being depressed due to subsidized EU exports, with traditional regional suppliers (Burkina Faso, Chad, Mali, and Niger) affected. In June 1993, the EU established West Africa as a separate zone for export subsidy rates, and has cut its per unit export refunds to the region by 30 percent since then.

Beef and veal imports, regulated by an array of bilateral and multilateral concessions, are forecast to remain at 419,000 tons. Central and Eastern European countries (including the former Yugoslavia) have the largest share of the EU's preferential access, followed by the African countries under the

Lomé Convention. Since 1991, live calf imports have been restricted to 425,000 head, causing a small shift in the EU's import mix to fresh, frozen, or preserved beef.

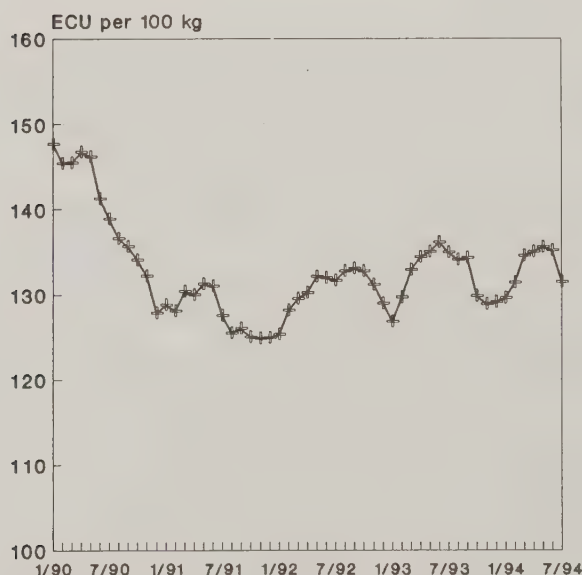
Policy Changes Keep Beef Out of Intervention Stocks

Intervention stocks began to decline rapidly in mid-1993 as the Commission sold beef out of intervention for subsidized export (80 percent) or domestic processing (20 percent) but did not replace the stocks. As of August 1994, stocks were only 235,000 tons (figure 8.3). After buying over a million tons into intervention in calendar 1991, and nearly 900,000 tons in 1992, the Commission bought only about 180,000 tons of beef into intervention in calendar 1993. Even less is expected to be bought into intervention in 1994 and 1995. The Commission has incentive to reduce beef intervention stocks in order to lower storage costs and to provide greater flexibility to build up stocks once the Uruguay Round limits on subsidized exports take effect.

A number of policy changes under CAP reform contributed to the Commission's ability to keep beef out of intervention in 1993, and will be enhanced in 1994 (table 8.1) and beyond. The new maximum weight limit for carcasses sold into intervention was restricted to 380 kg in July 1993, falling to 360 kg in January 1994 and 340 kg in July 1994. According to the Commission, with "only a limited market for heavy carcasses, the fact that these carcasses could be sold into intervention encouraged producers to orient rearing and fattening exclusively in the direction of heavy carcasses." The increasing slaughter weights in recent years have added 60,000 tons of beef to the Community supply per year. The maximum weight limits should limit and even reverse this trend.

Figure 8.1

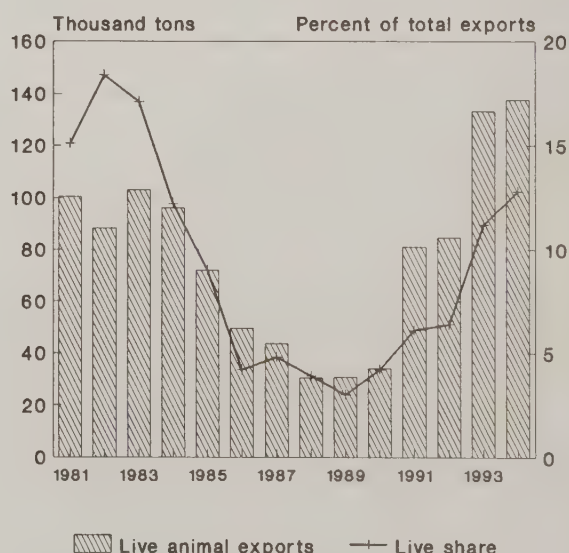
EU Producer Prices for Beef, 1990-94



Representative cattle price.
Source: Agra Europe.

Figure 8.2

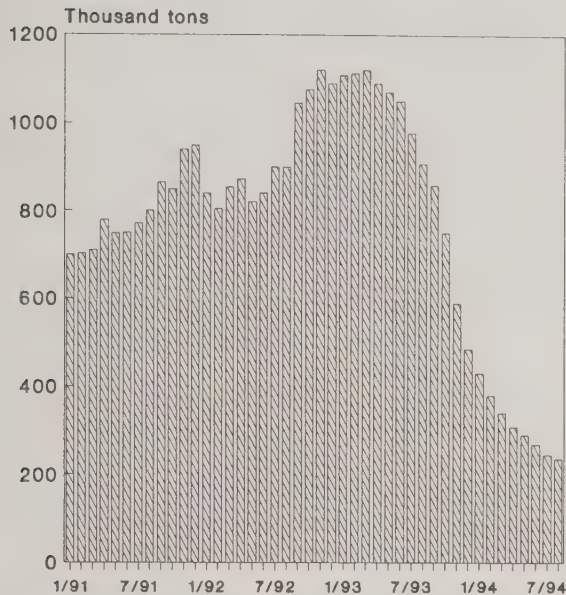
Live Bovine Exports Increasing Share



Exports are in carcass weight.
Sources: European Commission;
ERS estimates.

Figure 8.3

EU Beef Intervention Stocks Declining Rapidly



Source: Agra Europe.

The new deseasonality premium pays 60 ECU (\$88) per head to producers who slaughter male bovines from January to April. Primarily intended for Ireland and France, the deseasonality premium aims to reduce the glut on the EU market in September-November, when the outdoor grazing season ends. In the past, intervention stocks grew considerably in the late fall. For example, in the fourth quarter of 1992, Irish producers sold 147,000 tons of beef into intervention, but only 12,000 tons in fourth-quarter 1993.

In addition, the rule making meat from young bulls graded in the O category ("fair" carcass quality) ineligible for intervention has also kept some beef out of storage, notably in Denmark. The timing of these changes in intervention rules coincided with a cyclical downturn in production from the 1991 high of 8.6 million tons. By increasing the importance of live animal exports, particularly from Ireland, the Commission has maintained prices above the various price thresholds necessary for normal intervention (below 80 percent of the intervention price in the region where buying-in is to take place; below 84 percent for the Community average price). In 1993, only 12 percent of Irish production was sold into intervention, compared with 46 percent in 1992.

Changes to Male Bovine Premium Should Limit Expansion

As part of the price package, the EU eliminated 1992 as an eligible reference year for establishing the regional herd limits for the male bovine premium, reducing the national quotas by 10 percent to 10.3 million head. As part of CAP reform, member states could choose herd sizes from 1990, 1991, or

Veal Production Important for Containing Adult Herd

A key means of containing beef production is to slaughter calves for veal production, which amounted to 815,000 tons in 1993. Veal accounts for 10 percent of total bovine meat output, but 20 percent of the slaughter count due to lower carcass weights. Veal production has shrunk from a high of 1 million tons in 1986, in part due to reductions in the dairy herd attributable to increasing milk yield and quota cutbacks. It is estimated that dairy productivity increases of 2 percent a year result in 400,000 fewer calves annually. Veal production in France, the leading producer, has fallen about 20 percent over the last decade. Concern by consumers in the late 1980s about the residue from growth-promoting hormones in veal also contributed to decreased demand.

While the Commission claims that there is "no specific assistance" for veal, the subsidy for incorporating nonfat dry milk (NFDM) in milk replacer for calves is an important means of reducing input costs for veal finishers. Two-thirds of NFDM production goes into calf feed, for which the EU appropriated 458 million ECU (\$558 million) in 1994. Although the long-term trend for veal production is downward, output towards the end of 1994 and in 1995 could grow a bit from 1993 as more calves come onto the market from cows eligible for the suckler cow premium.

1992 as the year establishing the maximum number of premia available. Because the rules were announced before the end of 1992, EU producers were able to build in a subsidy claim 30 percent greater than in previous years. The Commission sought the change because the subsidy headage limits were higher than the number of eligible animals in 1994, meaning EU producers could expand production in an already glutted market situation in order to receive the maximum number of headage payments. The cut of 1.2 million head in subsidy allowances should keep about 400,000 tons of beef off the market each year.

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Pork, Poultry, and Eggs

EU pig production in 1994 should equal or exceed 1993 output by up to 1 percent. Poultrymeat production and exports are expected to register 2 percent increases over 1993, while continued slow growth is anticipated in EU poultrymeat consumption. Growth rates in EU egg production and consumption are expected to be positive, but less than 1 percent in 1994. [Mildred Haley]

Breeding Stock Declines Could Signal Production Slowdown in 1994

Recent reductions in breeding stocks are the collective response of EU producers to low pig prices. EU pig prices continued to trend downward in 1993, and are expected to remain relatively low through 1994 (figure 9.1). Breeding stock decreases in Germany, Denmark, and the Netherlands suggest that Europe's low-cost producers are beginning to reduce breeding herds due to low pig prices, after having sustained losses throughout 1993. European pig prices are expected to recover early in 1995 as the cumulative effects of breeding stock reductions begin to translate into lower pork supplies.

Structural Changes Reducing Costs, Increasing Supply

The current expansionary phase in the EU pig cycle, which was given strong initial impetus in 1989 by the reduction in productive capacity in eastern Germany, has been significantly extended by two structural changes: CAP reform and a shift toward production of feeder pigs in the Netherlands and in France. The practical effect of CAP reform and greater supplies of feeder pigs is that EU pork producers are, and will

continue to be, paying less for pig feed, and less for feeder pigs.

Lower input costs enable efficient pig producers to remain viable in a market where representative pig prices in 1993 fell 26 percent from the year before (figure 9.1). Reduced feed costs result directly from CAP reform, which reduced the 1993/94 average cereals buying-in price nearly 23 percent from previous year levels. Feed costs, which at the outset of CAP reform accounted for almost two-thirds of production costs, are expected to drop to an estimated 50 percent of production costs when the reforms are complete in 1996.

Environmental Regulation and New Investment Increased Feeder Pig Production

In addition to lower feed costs, EU pig finishers were able to take advantage of plentiful, low-priced supplies of feeder pigs. Increased feeder pig supplies caused 1993 feeder pig prices to fall dramatically, particularly in the Netherlands and in France. Both countries are major producers of feeder pigs for export to other pork producing countries in the EU. In July 1993, Agra Europe reported that feeder pigs in France and the Netherlands were selling at market prices that were 50 percent below their cost of production.

In the Netherlands, imposition of the Manure Laws in the mid-1980s stimulated feeder pig production. The Manure Laws have progressively limited livestock stocking rates by restricting per farm manure quantities, in order to slow environmental degradation. The laws have, however, effectively created an incentive for pig producers to shift from production of fat pigs to production of more, smaller pigs, that produce less manure.

New Investment Makes France Nearly Self-Sufficient in Pig Production

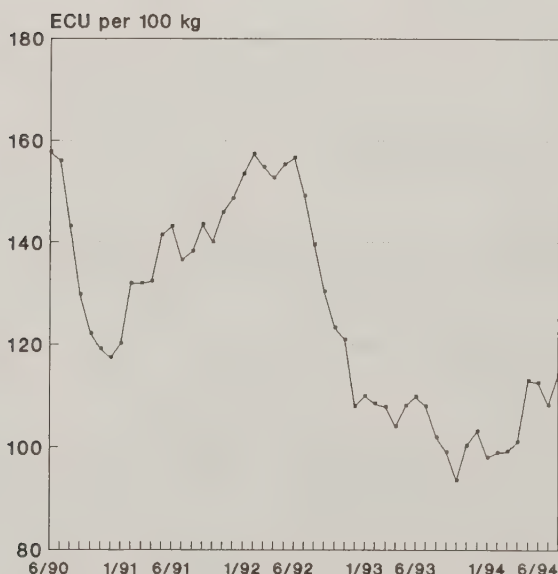
In France, feeder pig production has accelerated due to significant overall investment in production facilities in the last 10 years. The investment has made Brittany the fastest growing pork producing region in the EU since the mid-1980s. France's added capacity to produce pigs has increased its self-sufficiency ratio from 85 percent in 1985 to 98 percent in 1993.

EU Nearing World Price Levels for Pork

Structural change in EU pig production has increased pork supplies, effectively driving down domestic EU prices. Lower EU prices have important implications for U.S. pork exports, because lower EU pork prices enhance the competitiveness of EU pork on world markets.

Figure 9.1

EU Pigmeat Prices, June 1990 - August 1994



Representative pigmeat price.
Source: Agra Europe.

Despite reductions in pork export refunds to compensate for lower feed costs, 1993 EU pork exports increased almost 37 percent from 1992. The EU exported 643,000 tons of pork in 1993, about 5 percent of the 14.4 million tons it produced. The most important EU export markets were Japan, the United States, and Eastern Europe. EU pork exports to Russia, Belarus, and Ukraine in 1993 were enhanced by two special export refund tenders for 60,000 tons of pork.

The United States imported 97,000 tons of pork products from the EU in 1993, representing approximately one-third of total U.S. pork product imports. Danish hams, sausages, and frozen ribs accounted for about 34,000 tons or over one-third of U.S. pork imports from the EU. U.S. pork imports from the EU are expected to increase in 1994, given competitive EU prices.

Pork exports from the EU in 1994 are estimated to increase about 14 percent from 1993. The EU--Denmark and France in particular--appears determined to expand, or at least maintain, its share of the Japanese import market. However, the EU faces a structurally changing Japanese market, characterized by tough U.S. competition and changing tastes and preferences of Japanese consumers.

EU Exports Affected by Changes in Japan

Two factors in particular are changing the structure of the Japanese market for imported pork: the reduction in beef tariffs and an evolving preference of Japanese consumers for chilled rather than frozen pork. On April 1, 1993, Japan reduced its tariff on imported beef to 50 percent. Substitution and income effects of lower relative beef prices caused consumers to increase beef consumption at the expense of imported pork. Moreover, Japanese consumers' perception of beef as a "status" consumption good added considerable impetus to the shift in preference from pork to beef.

Japanese consumers also appear to be developing a preference for chilled pork rather than frozen pork. Due to the geographic disadvantage of the EU and correspondingly high transport costs, the EU is unable to competitively export chilled pork to Japan, and faces losing market share to chilled pork from the United States and Taiwan. Chilled pork comprised 26 and 37 percent of U.S. and Taiwanese pork exports to Japan, respectively, from September 1992 through February 1994. During the same period, less than 1 percent of Denmark's pork exports to Japan were chilled. Denmark's share of total Japanese pork imports has, however, held steady at around 31 percent.

In 1994, Denmark is expected to aggressively defend its market share in Japan, while stepping up efforts to enter pork markets in South Korea. France will, in all likelihood, make the investment necessary to capitalize on access to the Japanese market, which was granted in 1993.

EU Pork Consumption Up in 1993; Further Gains Likely in 1994

EU pork consumption was 13.5 million tons in 1993, up almost 2.5 percent from the previous year. The rise was primarily due to lower pork prices, which outweighed any income effects of the ongoing EU recession. Economic recovery is expected to gain some momentum in the EU in 1994. With continued low pork

prices, EU pork consumption is expected to rise 1 to 1.5 percent in 1994.

Slow Recovery in EU Poultry Market Expected To Continue in 1994/95

EU production and exports of poultry meat in 1994 are each forecast to increase 2 percent in 1994. Poultry meat consumption is expected to increase by less than 1 percent in 1994.

Total EU poultry meat production was 7.4 million tons in 1993, up less than 1 percent from the previous year. Growth in production appears to have slowed considerably from 1992, when it increased 5.23 percent from the previous year. In all likelihood, the 1993 slowdown was at least partially attributable to lower-than-anticipated benefits from CAP reform, and slower domestic demand.

Poultry Producers Benefit Relatively Less from CAP Reform

EU poultry producers benefited less from price reductions induced by CAP reform than pork producers, because feed conversion ratios for poultry meat are less than for pork. Consequently, feed price reductions lowered poultry producers' costs relatively less than those of pork producers. Lower feed prices thus brought about a smaller relative year-to-year production response in the EU poultry sector than in the pork sector. Higher soybean meal prices, due to the reduced U.S. crop, also contributed to the smaller-than-anticipated poultry production response, by negating cost benefits from lower grain prices.

Total EU consumption of poultry meat in 1993 was 7 million tons, less than 1 percent above the previous year. Slow recovery from recession, and lower relative prices for red meats that compete with poultry account for the slow growth in consumer demand. Slower growth in turkey consumption also appears to have significantly contributed to slower overall growth in EU poultry meat consumption.

Cuts in Export Refunds Characterize EU Poultry Exports in 1993

EU poultry meat exports totaled 605 million tons in 1993, up almost 12 percent from the previous year. Major markets were Hong Kong, the Middle and Near East, and Russia. Exports increased despite reductions of 20 to 40 percent in EU export refunds for poultry.

Steady EU Egg Production and Consumption in 1994; Declines in Exports Forecast

EU production and consumption of eggs are expected to rise less than 1 percent in 1994, reversing 1993 declines as the EU moves out of recession. EU egg exports also fell in 1993, due mostly to competition from subsidized U.S. egg exports in Asian and Middle Eastern markets. EU egg exports are expected to decline again in 1994, due to U.S. competition in contested markets.

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Dairy

Milk production in the EU, the world's largest producer, is expected to be slightly lower due to lower Italian production in 1994/95. The EU will continue to account for half of world dairy product exports. The milk fat surplus stands out as a long-term issue, as does bST. [Daniel J. Plunkett]

As in many other countries, dairy is one of the most highly protected agricultural sectors in the EU. Milk prices are supported by a quota system, intervention buying of butter and nonfat dry milk (NFDN), internal disposal aid, strong protection against imports, and export subsidies for a wide range of dairy products. The dairy sector supports 1.5 million farmers in the EU, and has accounted for about 15 percent of the value of EU agricultural production in the early 1990s, down from 20 percent as recently as 1986/87¹. Farm income is supported by maintaining a huge milk surplus at high prices. About 14 percent of the milk equivalent is exported, using export subsidies to bridge the difference between EU prices and much lower world prices (figure 10.1). Subsidies on the internal market also help dispose of substantial quantities of skim milk and butter.

Milk Quota Cuts Not Adopted

The cuts in the milk delivery quota proposed as part of CAP reform have now been abandoned entirely. After postponing any change for 1993/94, the Council of Ministers rejected the Commission's proposal for a 1-percent cut for 1994/95, and also stipulated that there will be no milk quota cut for 1995/96. The original MacSharry plan would have reduced the EU's milk surplus by more than 3 million tons of milk, which the EU will continue to dispose of primarily through export subsidies.

The EU's 1994/95 cow milk quota, including deliveries to dairies and direct sales by producers, will be reduced 0.3 percent to 108.7 million tons due to the designation of part of Italy's quota as a reserve (table 10.1). As in past years, over-quota production and on-farm feeding will make actual EU production 2 to 3 million tons higher. The EU also produces over 3 million tons of milk from other animals, such as sheep and goats. About 29 percent of total milk production is consumed as fluid milk, while 69 percent goes into dairy product manufacture, with the rest primarily going to feed animals on-farm.

After extensive negotiations, Italy's quota is set at 9.6 million tons, 3.5 percent lower than in 1993/94. That reduction is due to designation of 348,000 tons of milk as a reserve quota pending the outcome of court cases from auditing its 165,000 individual quota holders. A large importer of fluid milk, Italy only began implementing the quota system in 1993/94, 10 years after the rest of the EU. Italy plans to cut milk production 14 percent by 1995/96, but its ability to remain within the quota limits is uncertain. Italy owes billions of dollars to the EU in past and current superlevy (tax on overquota production).

Reduced milk production in Italy will be partially offset by increased output in the five new German Länder, where produc-

tion has been recovering since early 1993. After using an estimated 90 percent of their quota in 1993/94, the new Länder are expected to achieve full utilization in 1994/95. Per-cow milk yields in eastern Germany have now reached parity with those in western Germany. An estimated 640,000 tons of eastern German milk is being delivered to western German dairies either due to a lack of demand or processing capacity. From early 1994, quota overrun and underutilization can be balanced among both parts of Germany, which could help some producers avoid the superlevy.

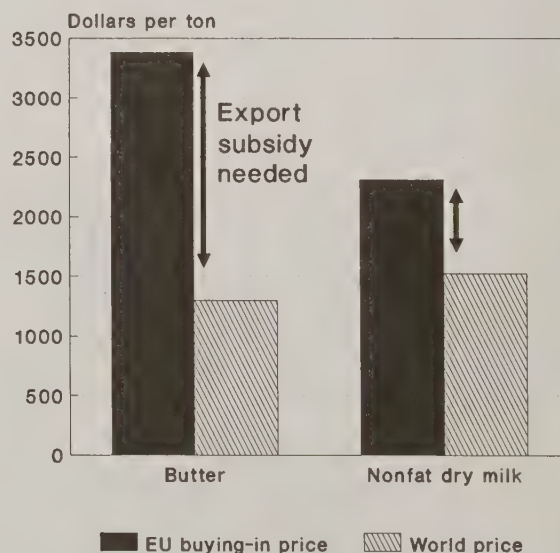
EU Dairy Product Market Stagnating, Growth in Cheese Halted

A 4-percent drop in butter consumption to 1.45 million tons is expected in 1994/95 due to the continuing long-term fall in household demand. Butter production is expected to be more or less stable at 1.6 million tons. The imbalance in the market could be lessened by the 3-percent intervention price cut for butter in 1994/95, 1 percent more than originally programmed under CAP reform, aimed at making butter more competitive relative to alternative products such as margarine.

Butter exports will likely remain near 200,000 tons in 1994/95, as the EU has fallen behind New Zealand as the world's leading

Figure 10.1

EU Dairy Prices Remain Above World Levels



World price is the median of the GATT-reported price range, 2nd quarter 1994. Sources: European Commission; OECD.

¹ The EU's dairy marketing year officially runs from April 1 to March 31.

exporter of butter. Suspension until May 1995 of the minimum price arrangements of the GATT International Dairy Arrangement is not expected to affect EU exports greatly, although the Commission probably cannot increase per unit export subsidies due to budgetary considerations. EU butter imports remain at about 52,000 tons due to the New Zealand concession dating back to the U.K.'s accession. Public stocks should increase a bit to nearly 200,000 tons. The EU is not expected to face any difficulty in staying below its permitted 447,000 tons of subsidized butter exports for 1995/96 under the Uruguay Round agreement.

Production of NFDM is expected to fall below 1.2 million tons, perhaps lower if liquid skim milk is diverted to casein production. Consumption of NFDM will dip below 1 million tons for the first time since 1989/90, with two-thirds receiving a subsidy for incorporation into calf feed. NFDM used as milk replacer for calves disposes of about 7.5 million tons of liquid skim. Under another program, a half-million tons of subsidized liquid skim are fed directly to calves. About 4 million tons of subsidized liquid skim are used for casein production. Only about 335,000 tons of NFDM are sold at market prices.

Exports of NFDM are expected to fall to about 240,000 tons in 1994/95, including food aid of 50,000 to 100,000 tons. NFDM imports will be barely over 10,000 tons, mostly from Eastern Europe. Public stocks increased slightly in the first half of 1994, rising to 65,000 tons, but remain very low by historical standards. Privately held stocks of NFDM amount to 150,000 tons. For 1995/96, the EU is not expected to face any difficulty in staying below its permitted 297,000 tons of subsidized NFDM exports under the Uruguay Round.

Cheese production, up 18 percent since 1986/87, is expected to stop growing and remain at just below 5.1 million tons in 1994/95. Cheese consumption will grow about 1 percent, the same as the year previous. The recession is blamed for the slowdown in cheese production and consumption. Cheese production is rising in eastern Germany, particularly for slicing and soft cheeses, while lower milk supplies are reducing cheese production in Italy.

EU cheese exports should be lower than 500,000 tons in 1994/95 due to a 10-percent cut in per unit export refunds since April. Denmark, the Netherlands, and France continue as the main exporters, while the main buyers of EU cheese are the United States, Japan, and Middle Eastern countries such as Iran and Saudi Arabia. EU cheese imports are expected to remain at about 100,000 tons in 1994/95, with the main suppliers being Switzerland, other countries in the European Free Trade Association, and New Zealand. For 1995/96, the EU will have to restrict its subsidized cheese exports to 407,000 tons under the Uruguay Round, with a shift to greater exports of butter and NFDM and some unsubsidized cheese exports likely.

Besides the three main dairy products, the EU also subsidizes the export of about 1.2 million tons in product weight of other dairy products in an attempt to dispose of its surplus (figure 10.2). Whole milk powder exports, which help dispose of surplus milkfat, are expected to fall slightly to about 540,000 tons in 1994/95. Condensed milk exports, which were as high as 600,000 tons in the 1980s, have fallen below 300,000 tons in recent years, as milk is diverted into cheese and fresh products. For 1995/96, the EU will have to restrict its subsidized exports of other dairy products to 1.16 million tons, with a small reduction expected in condensed milk exports.

Table 10.1: EU milk quota for 1994/95

	Delivery quota	Direct sales	Total
---Thousand tons---			
Belgium	3,066	244	3,310
Denmark	4,454	1	4,455
Germany 1/	27,765	100	27,865
Greece	626	5	631
Spain	5,200	367	5,567
France	23,637	599	24,236
Ireland	5,234	12	5,246
Italy /2	8,864	718	9,582
Luxembourg	268	1	269
Netherlands	10,983	91	11,075
Portugal	1,805	68	1,872
U.K.	14,247	343	14,590
EU-12	106,151	2,548	108,698

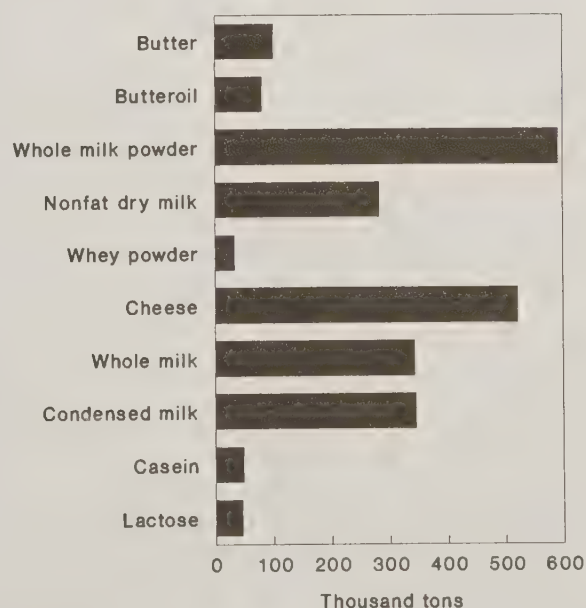
1/ Includes 6.3 million tons for former GDR.

2/ Not including reserve of 347,701 tons.

Source: EU regulation 1883/94, OJ L197.

Figure 10.2

EU Exports of Dairy Products, 1993



Source: ZMP.

The EU also subsidizes the export of processed products, such as ice cream or chocolate, which incorporate milk as an ingredient. In 1993, the EU appropriated 166 million ECU (\$203 million) for export refunds for processed products using skim milk, 48 million ECU (\$59 million) for butter, and an unspecified amount for whole milk powder.

Casein exports, equal to half of EU production, will remain above 60,000 tons in 1994/95, mostly to the United States. Casein exports typically do not receive an explicit export subsidy, although the processing aid--318 million ECU (\$388 million) in 1994--lowers production costs. The EU is the second largest exporter of casein, behind New Zealand.

Too Much Milk, Too Much Milkfat

Despite the high cost of the EU's dairy regime, for which the EU allocated 4.2 billion ECU (\$5.1 billion) in 1994/95, opposition is great to cutting the milk quota. It is difficult to accurately calculate how large the milk surplus is, given the wide array of subsidized disposal outlets (table 10.2), but recent estimates suggest 18 to 25 percent above unsubsidized demand. The Commission estimates that every 1 percent of surplus costs the taxpayer 250 million to 400 million ECU (\$488 million).

The milk surplus is exacerbated by the growing surplus in milkfat. The 3-percent price cut in 1994/95 for butter, on top of the 2 percent the year previous, reflects "the unstoppable increase in the fat content of milk collected." From 1983 to 1990, the fat content in EU milk rose 4 percent to 4.01 percent, the equivalent of 178,000 tons of butter. Because the amount of milk delivered to dairies is adjusted to a standard fat content for

calculating the quota, increasing milkfat actually decreases the amount of milk EU farmers may deliver.

With dietary concerns leading to lower consumption of butter, whole milk, and hard cheeses, and growth in partly-skimmed milk, reduced-fat fresh products, and lower-fat soft cheeses, the milkfat surplus is expected to worsen year by year. Already 40 percent of EU butter production is disposed of with a subsidy. Because, according to the Commission, "products competing with butter are now in a dominant position in the market for yellow fats," the butter price cut aims to make butter more competitive. In its March 1994 report, the Commission cited the U.S. example of two butter price cuts in 1992 and one in June 1993 as leading to increased consumption.

EU Ban on bST Expires at the End of 1994

By the end of 1994, when the current moratorium expires, the EU will have to decide whether to permit the marketing and use of bovine somatotropin (bST). bST is a natural protein hormone, reproduced synthetically by an American company, that can raise milk yields 10 to 20 percent in an individual animal. The EU is very reticent to approve bST, fearing an increase in the milk surplus and an accelerated reduction in the number of small-scale dairy farms (nearly half of the EU's milk producers have fewer than 10 cows). The EU maintains the ban for socio-economic reasons; its Committee for Veterinary Medicinal Products and its bioethics group have recognized that bST meets the licensing requirements for quality, efficacy, and safety.

The EU ban, first instituted in 1989, was extended for another year by the Council in December 1993. The Commission had sought a 7-year ban. The Agriculture Council requested a study of consumption patterns in the United States, which approved bST in November 1993. The European Parliament opinion on bST proposed an EU ban on both milk and meat imports from countries that approve bST, although the Commission did not incorporate the opinion. Agra Europe (Feb. 14, 1994) reported that GATT officials have advised the Commission that such a ban, without scientific evidence that the product itself is harmful, would not be allowed under the Sanitary/Phytosanitary agreement in the Uruguay Round. U.S. dairy exports to the EU totaled \$28 million in calendar 1993.

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Table 10.2: EU budget in dairy sector, 1994

Measure	Million ECU
Export refunds:	
Butter	435
NFDM	209
Cheese	464
Other dairy 1/	884
Storage:	
NFDM 2/	-5
Butter and cream	187
Cheese	108
Disposal aid:	
NFDM for calf feed	458
Liquid skim for calf feed	35
Skim milk for casein	318
Consumption aid for butter	17
Other aid for butterfat 3/	558
School milk	111
Milk development measures	21
Improving milk quality	5
Cessation of milk production	395
Special aid for Portugal NFDM	44
Total 1994 appropriations:	4,244

1/ Whole milk powder, condensed milk, etc.

2/ Implies net gain from sale of stocks.

3/ Mostly butter for pastry and ice cream.

Source: Official Journal L34, Feb. 7, 1994.

Implications of the GATT Agreement for EU Agriculture

The Agreement on Agriculture, one part of the General Agreement on Tariffs and Trade (GATT) accords signed April 15 in Morocco, commits contracting parties to begin limiting the trade distorting effects of internal agricultural policies. The European Union (EU), which provides significant support to its producers, and relies heavily on export subsidies, will face adjustments in its agricultural sector to comply with the agreement. [Mary Lisa Madell]

Introduction

The signing of the Agreement on Agriculture under the General Agreement on Tariffs and Trade (GATT) marks the first time that trade in agricultural products has been brought fully under multilateral disciplines. The agreement will reduce agricultural trade distortions by limiting the use of export subsidies, and by replacing non-tariff import protection with bound tariffs.

The United States and the European Union (EU), as major agricultural producing and trading nations, played important roles in drawing up the agreement. The long and difficult process of negotiating agricultural trade liberalization resulted, to a great extent, from differences in approach between the two. A bilateral U.S.-EU agreement in December 1993 detailed among other things how export subsidy reductions were to be implemented. It provided the final impetus to bring the 7-1/2 years of talks to a successful conclusion.

Provisions of the Agreement

The goal of the agriculture negotiations was to create more effective GATT rules governing trade in agriculture, improve the conditions of international competition through better market access and reduced subsidies, and reduce the adverse trade effects of sanitary and phytosanitary regulations. The negotiations focused on four areas: reduction of internal support to agriculture, improvement of market access, reduction of export subsidies, and establishment of multilateral rules governing all sanitary and phytosanitary measures that affect international trade.

The new GATT agreement is to enter into force on January 1, 1995. The commitments in the agriculture sector will be phased in over a 6-year implementation period for industrial countries. The developing countries will implement their commitments over a 10-year period.

Internal Support

The Agreement on Agriculture requires contracting parties to reduce support to agriculture by 20 percent from the levels prevailing in 1986-88. Support to the sector will be measured by a total aggregate measure of support (AMS), which itself is the sum of individual AMSs for each commodity (or equivalent measures if an AMS cannot be calculated). The AMS essentially measures the difference between the world price and the supported internal price of a given agricultural product for the total quantity of product eligible to receive this internal price, plus production-linked payments to producers. AMS calculations exclude support that does not directly affect farmers' production

decisions, such as disaster assistance, marketing and inspection programs, and domestic food assistance.

Market Access

The most important commitment in the market access area is comprehensive tariffication of all non-tariff barriers. Non-tariff barriers include variable levies, import quotas and licensing requirements, and minimum import prices. Such measures will be converted to equivalent tariffs, which will be bound under the GATT, and reduced an average of 36 percent (minimum of 15 percent for each tariff-line item) over the 6-year implementation period.

The contracting parties agreed that current market access would be maintained, on terms at least as favorable as those existing. In their individual schedules of commitments, countries listed current access quotas for quantities they will continue to import. Some countries highly restrict imports of certain commodities. The Japanese ban on rice imports is the most obvious example. In such cases, countries will open minimum access tariff rate quotas.

Export Subsidies

Reducing export subsidies on agricultural products was a very significant U.S. goal in the GATT negotiations. The EU, because it is heavily dependent on export subsidies, was reluctant to agree to sizable cuts in subsidized exports. As part of the Blair House Agreement of November 1992, the EU agreed to reduce subsidized exports by 21 percent from a 1986-1990 base period, and to reduce expenditures on export subsidies by 36 percent.

The implementation of the reduction in export subsidies was modified by the U.S.-EU agreement of December 1993. Originally, a reduction to 96.5 percent of the 1986-90 base period was required in the first year of implementation, followed by five annual reductions of roughly equal size. For countries like the EU that had increased subsidized exports compared with the base period, the reduction in the first year would be substantial. For example, the EU would have had to reduce subsidized wheat exports by nearly 21 percent from 1992/93 levels. Beef exports would have had to be cut 25 percent in the first year.

Under the December 1993 agreement, the reductions are effected in equal installments, beginning from the higher of either the 1986-90 base or the average of 1991 and 1992. For EU beef, a special period applies (the simple average of the 1986-90 base and the 1991-1992 average). However, the quantity of subsidized exports must still be reduced to 21 percent of the 1986-90

level by the end of the implementation period. The new implementation schedule smooths out the implementation of the cuts, making them less severe in the first year. Over the 6-year implementation period, it allows the EU to export an additional 8.1 million tons of wheat, 102,000 tons of cheese, 44,000 tons of other dairy products, 363,000 tons of beef, and 253,000 tons of poultry meat.

The quantity and expenditure cuts apply on a product-by-product basis, meaning no aggregation of product into large categories such as total grain, meat, or dairy. Processed products are subject only to the 36-percent reduction in expenditure, and bona fide food aid exports are not included under either the volume or expenditure commitments.

Sanitary and Phytosanitary Commitments

The Agreement on the Application of Sanitary and Phytosanitary Measures is separate from the Agreement on Agriculture. The sanitary and phytosanitary (S&P) agreement reaffirms contracting parties' rights to adopt measures necessary to protect human, animal or plant life or health. However, these measures must not constitute a disguised barrier to trade, or discriminate between countries where the same conditions prevail.

The S&P agreement establishes that a) S&P measures should be harmonized on as wide a basis as possible, relying on international guidelines or standards; b) S&P measures must be based on scientific principles; and c) contracting parties should accept other parties' S&P measures as equivalent if it can be demonstrated that they achieve the same level of protection.

Dispute Settlement

As part of the Uruguay Round negotiations, the GATT's dispute settlement process has been strengthened. Previously, a single country could block the adoption of the findings of dispute settlement panels. Under the new rules, there must be a consensus to prevent the findings from being adopted. Timetables for resolving disputes have been created, preventing difficult disputes from remaining unresolved.

EU Commitments Under the GATT

The EU's Common Agricultural Policy (CAP) consists of highly interventionist support programs for major commodities including grains, dairy, beef, and sugar. The EU would therefore face greater adjustments in undertaking GATT commitments to reduce support and protection for agriculture than countries that provide less support. In the negotiations, the EU was also concerned that its recent reform of the CAP not be undermined.

The most sensitive area was the direct payments made under CAP reform. Because these payments are tied to current production, they cannot be considered "green" or exempt from the commitment to reduce internal support. The EU wanted to assure its producers that the GATT agreement would not require further adjustments beyond the changes under CAP reform. Therefore, the U.S. and other contracting parties agreed that the EU's CAP reform payments (and similar payments such as U.S. deficiency payments) would not be subject to reduction during the time covered by the agreement. When the AMS is calculated during the implementation period, the CAP reform payments are excluded from the total.

Exempting CAP reform payments from the reduction commitment and smoothing out the reductions in subsidized exports made it possible for the EU to accept a GATT agreement in agriculture. EU farm ministers promised their producers that they would not face policy changes beyond those under CAP reform. The concessions limited the extent of the adjustments the EU will have to make to meet the commitments. However, production and/or policy will need to be modified to comply with the agreement.

Reductions in Internal Support

The EU has drawn up a total AMS, made up of the individual AMSs for most commodities, and equivalent commitments for commodities where an AMS cannot be calculated. These equivalent commitments cover fruits, vegetables, wine, tobacco, olive oil, cotton, and other fibers. The total AMS for the EU in the base period is 75.5 billion ECU (\$92.1 billion). The AMS is very large, because the EU provides some form of market support to most agricultural products, and generally supports internal prices well above world prices.

The price reductions under the CAP reform program will help the EU meet its commitment to reduce internal support. Lower support prices reduce the gap between internal EU prices and the world price, which is the basis for calculating the AMS. Furthermore, CAP reform payments (including the grains, oilseeds, and protein crops payments, and per head payments for male bovines, suckler cows and ewes) are not subject to reduction because they meet certain production-limiting criteria. Because the individual AMS for CAP reform commodities should be much lower than the base period AMS, the EU should be able to meet the 20-percent reduction target for the total AMS.

Reducing the total AMS does not mean that each individual AMS must be reduced. AMSs for individual commodities will be reduced if the internal price falls or if production is reduced. The CAP reform program included substantial price cuts for grains, oilseeds, and beef. The EU also implemented price reductions and other measures reducing support prior to CAP reform.

The commitment to reduce internal support limits the freedom of contracting parties to increase support to individual commodities. Under the "Peace Clause" of the GATT agreement, direct payments like the CAP reform payments and domestic supports subject to reduction will not be subject to nullification or impairment or serious prejudice actions under the GATT. However, the exemption does not apply if the measures grant support to a specific commodity in excess of that decided during the 1992 marketing year. Therefore, the amount of support the EU can provide to any one commodity is constrained.

Tariffication and Reduced Protection

The idea of Community preference, that the price of imported products should be higher than EU products, is a fundamental principle of the CAP. CAP reform did not make any changes in the EU's system of protection for agricultural products. The GATT agreement, however, will require the EU to modify its variable levies, import quotas, and other import protection measures. Tariffication alone is not expected to result in increased imports, but increased tariff-rate quotas for some products will encourage imports.

The EU has agreed to convert its variable levies to bound tariffs. These tariffs are generally quite high, and will afford EU markets continued protection against imports. For example, the EU operated a minimum import price system for fruits and vegetables that prevented imported products from entering the EU market at world prices. The tariffs for fruits and vegetables bound under the GATT vary depending on the price of the imports. Lower priced imports pay a higher tariff. This helps maintain the protection of the minimum import price system.

The bound tariffs represent the maximum possible tariff level, although the EU can apply tariffs below the bound level. For example, the bound tariffs for wheat, corn, rye, barley, and sorghum are higher than those expected to apply under CAP reform. The EU has agreed that the full duty-paid import price will be 155 percent of the intervention price, the level of protection established under CAP reform. The actual tariff applied can therefore vary, like the previous variable levy, depending on world prices. However, it cannot exceed the bound tariff level (for wheat, 95 ECU (\$116) per ton in 2000). The bound margin of preference will ensure that the EU's imports of these grains will not be reduced from current levels because of tariffification.

For the most part, the EU has pledged to reduce its agricultural tariffs 20 percent. For some products, including those mentioned previously, and a number of tropical products, the tariff reductions are even larger. Even with the tariff reductions, EU agricultural protection should be sufficiently high to prevent a significant increase in imports. The Agreement on Agriculture allows countries to adopt special safeguard measures, in the form of higher duties, in case imports increase, or import prices drop significantly.

In addition to the tariff reductions, the EU will open a number of tariff-rate quotas (imports under the quota level benefit from a reduced tariff, while those above it receive the full tariff) for a number of products. Some of these quotas serve to maintain current access, while others are designed to allow new market access. Current access quotas maintained by the EU cover corn and sorghum, sugar, cheese and butter, beef, and sheepmeat (table 11.1). EU import quotas for sheepmeat and butter will in fact allow imports to increase above current levels. The EU has agreed to open minimum access quotas for wheat, corn, cheese, pork, beef, poultry, nonfat dry milk (NFD) and eggs (table 11.2).

As part of the U.S.-EU agreement of December 1993, the EU made important concessions to the United States. For example, the EU agreed to maintain the terms of the Spanish Accession agreement as a minimum purchase agreement covering 2 million tons of corn and 300,000 tons of sorghum (less imports of non-grain feed ingredients into Spain). The EU's commitment to allow the import of 500,000 tons of corn into Portugal will also operate as a minimum purchase agreement. The EU will maintain a constant margin between its internal price and the imported price of rice. This will prevent a worsening of the competitive position of imported rice should the EU lower intervention prices.

The EU agreed to expand its minimum access offer for pork from 36,000 tons. An additional tariff rate quota of 39,000

tons will be opened for tenderloins, boneless loins, and boneless hams. The EU will also establish a 5,000-ton mozzarella cheese quota with a within-quota rate of 130 ECU (\$159) per ton, and will set its in-quota duty rate for the cheddar cheese quota at 280 ECU (342) per ton, rather than the 830 ECU (\$680) per ton tariff equivalent. Finally, the EU agreed to reduce tariffs on a number of items of interest to the United States. By the end of the implementation period, the following tariff reductions will be effected:

- Processed turkey: tariff reduced 50 percent
- Almonds and walnuts: tariff reductions of 36 or 50 percent
- Grapes and apples: tariff reductions of 36 or 50 percent
- Potato chips: tariff reduced 50 percent
- Beef and swine livers, fresh, chilled, or frozen: tariff eliminated.

Cutting Subsidized Exports

Unlike the internal support commitment, the commitments on export subsidy expenditure are measured individually. Lower prices under CAP reform will help reduce expenditures on export subsidies, which must be reduced 36 percent from the base period, compared with only a 21-percent reduction in the quantity exported with subsidies. CAP reform included price reductions for only a few of the products eligible for export subsidies. Quantity reductions of more than 21 percent might be required to meet the 36-percent value reduction for some commodities not included in the CAP reform price cuts. However, higher world prices expected because of the agreement for many agricultural products will also lower per unit export subsidies.

The commitment to reduce the volume of subsidized exports will pose the most difficulties for the EU, which relies heavily on subsidized exports to dispose of surplus production and balance internal markets (table 11.3). For most commodities, the quantities currently exported are higher than during the 1986-90 period used as the base for calculating reduction commitments. The category for wheat includes wheat flour, and the coarse grains category includes flours, malt, germ, starch, bran, and some animal feed preparations in addition to corn, rye, barley, and oats.

The EU's ability to meet its commitments on reduced subsidized exports depends on the effectiveness of the CAP reform program, particularly for such products as grains and beef. The European Commission feels that the reform will reduce surplus grain and beef production enough to remain within the export limits. Some analysts think that the Commission's belief is overly optimistic, and that surpluses will not decline as much as expected.

Impact on EU Agriculture

In general, the EU will not face significant adjustments in order to meet its commitments on reducing internal support. Price cuts under CAP reform reduce individual AMSs for a number of commodities. CAP reform payments are not subject to reduction, and are therefore

Table 11.1: EU current import access commitments

	Tariff line	Current access	In-quota tariff rate
--1,000 tons--			
GRAINS			
Corn (Portugal)	1005 90 00		
Corn (Spain) 1/	1005 90 00	2000	2/
Grain sorghum (Spain)	1007 00 90	300	2/
Brans, sharps, etc.	2302 30 10)		40.8 ECU/t
	2302 30 90)	475	83.4 ECU/t
	2302 40 10)		40.8 ECU/t
	2302 40 90)		83.4 ECU/t
SUGAR			
Imported from ACP	1701 00 00	1555	free
Imported from India	1701 00 00	10	free
Chemically pure fructose	1792 50 00	4504	20 %
BEEF			
Beef meat, frozen 3/	0202)	53	20 %
Edible offal 3/	0206 29 91)		
Offal from Argentina 3/	0206 29 91	0.7	4 %
Offal from other countries 3/	0206 29 91	0.8	4 %
Buffalo meat from Australia 3/	0202 30 90	2.25	20 %
Forequarters 4/	0202 20 30)		
Boneless beef 4/	0202 30)	50	depends on intended use
Edible offal 4/	0206 29 91)		
"High quality" beef - includes	various		20 %
fresh, chilled, frozen meat	various		20 %
and edible offal, by source	various		20 %
Argentina		17	20 %
USA/Canada		10	
Australia		5	
Uruguay		2.3	
DAIRY			
Cheese for processing			
Imported from New Zealand	0406 90 11	3	170.6 ECU/t
Imported from Australia	0406 90 11	0.5	170.6 ECU/t
Cheddar			
Imported from New Zealand	0406 90 21	6.5	170.6 ECU/t
Imported from Australia	0406 90 21	2.5	170.6 ECU/t
Imported from Canada	0406 90 21	2.75	137.5 ECU/t
Butter			
Imported from New Zealand	0405 00 00	76.667	868.8 ECU/t
SHEEPMET			
Imported from Argentina	0204	23	10 %
Imported from Australia	0204	17.5	10 %
Imported from Chile	0204	1.49	10 %
Imported from New Zealand	0204	245.5	10 %
Imported from Uruguay	0204	5.8	10 %
Imported from Iceland	0204	0.6	10 %
Imported from Poland	0204	0.2	10 %
Imported from Rumania	0204	0.075	10 %
Imported from Hungary	0204	1.15	10 %
Imported from Bulgaria	0204	1.25	10 %
Imported from former Yugoslavia	0204	3.1	10 %
Imported from other	0204	0.3	10 %

1/ Imports of nongrain feeds count against tariff quantity.

2/ Tariff is set by the EC at a level where trade will occur.

3/ Tariff quantity in boneless weight.

4/ Tariff quantity in bone-in weight.

Source: EU Country Schedule.

Table 11.2: EU minimum import access commitments (for 2000/01)

	Tariff line	Minimum access	In-quota tariff rate
--1,000 tons--			
GRAINS			
Quality wheat	1001 10 00	300	free
	1001 90 95)		
Corn (Portugal)	1005 90 00	500	50 ECU/ton max.
DAIRY			
Cheese - Cheddar 1/, 2/	0406 90 21	15	210 ECU/t
Cheese - Emmental 2/	0406 30 10	25	719 ECU/t
	0406 90 14		858 ECU/t
Cheese - Gruyere, etc. 2/	0406 30 10	7	719 ECU/t
	0406 90 14		858 ECU/t
Cheese for processing 2/	0406 90 11	20	835 ECU/t
Fresh mozerella cheese 2/	0406 10	5	130 ECU/t
Other cheeses 2/	various	32	varies
Butter 2/, 3/	0405 00 00	10	948 ECU/t
Nonfat dry milk 2/	0402 10 19	69	475 ECU/t
BEEF			
Steer beef (oilseeds panel)	various		
Special boxed beef cuts 4/	various	2	20 %
"High quality" steer cuts 4/	various	5	20 %
"High quality" cuts 4/	various	11	20 %
PORK			
Boneless loins, hams, fresh 2/	0203 19 57	34	250 ECU/t
Boneless loins, hams, frozen 2/	0203 29 57)		
Tenderloins, fresh 2/	0203 19 57	5	300 ECU/t
Tenderloins, frozen 2/	0203 29 57)		
Carcasses, fresh or frozen 2/	0203 11 10	15	268 ECU/t
Half carcasses 2/	0203 21 10)		
Cuts, fresh or frozen 2/	various	5.5	varies
Fresh bone-in loins 2/	0203 19 13	7	free
Frozen streaky bellies 2/	0203 29 15)		
Sausages, dry, uncooked 2/	1601 00 91	3	747 ECU/t
Other sausages 2/	1601 00 99)		502 ECU/t
Preserved pigmeat 2/	various	6.1	varies
POULTRY AND EGGS			
Chicken carcasses 2/	various	6	varies
Boneless chicken cuts	0207 41 10	15.5	free
Chicken breasts and cuts	0207 41 41)		
Other chicken cuts (bone-in)	0207 41 71)		
Chicken cuts 2/	various	4	varies
Boneless turkey cuts	0207 42 10	2.5	free
Turkey halves or quarters	0207 42 11)		
Other turkey cuts (bone-in)	0207 42 71)		
Turkey meat, fresh or frozen 2/	various	1	free
In-shell eggs 2/	0407 00 30	180	152 ECU/t
Egg yolks 2/	various	8	varies
Shelled eggs, dried 2/	0408 91 80	20	687 ECU/t
Shelled eggs, other 2/	0408 99 80)		176 ECU/t
Egg albumin 2/	3502 10	20	varies

1/ Source countries other than New Zealand, Australia, and Canada.

2/ Imports from Central and Eastern European countries under the Association Agreements will be counted against this quota.

3/ Source countries other than New Zealand.

4/ Pasture-raised beef from South America.

Source: EU Country Schedule.

Table 11.3: EU export subsidy commitments

Commodity	Base period						
	1986-1990	1995	1996	1997	1998	1999	2000
QUANTITY	----- 1,000 tons -----						
Wheat and flour 1/	20,225.0	19,093.6	17,962.1	16,830.7	15,699.3	14,567.8	13,436.4
Coarse grains	12,624.5	12,182.6	11,740.8	11,289.9	10,857.1	10,415.2	9,973.4
Rice	183.7	177.3	170.8	164.4	158.0	151.6	145.1
Rapeseed	100.4	96.9	93.4	89.9	86.3	82.8	79.3
Olive oil	148.0	142.8	137.6	132.5	127.3	122.1	116.9
Sugar	1,617.0	1,560.4	1,503.8	1,447.2	1,390.6	1,334.0	1,277.4
Butter	463.4	447.2	431.0	414.7	398.5	382.3	366.1
Skim milk powder	308.0	297.2	286.4	275.7	264.9	254.1	243.3
Cheese 1/	427.0	406.7	386.4	366.1	345.7	325.4	305.1
Other dairy 1/	1,206.0	1,161.4	1,116.8	1,072.2	1,027.6	983.0	938.4
Beef 1/	1,179.2	1,118.9	1,058.5	998.2	937.8	877.5	817.1
Pork	491.6	474.4	457.2	440.0	422.8	405.6	388.4
Poultry 1/	470.0	354.9	342.1	329.2	316.3	303.4	290.6
Eggs 1/	112.0	107.2	102.4	97.7	92.9	88.1	83.3
Wine	2,241.2	2,162.8	2,084.3	2,005.9	1,927.4	1,849.0	1,770.5
Fruits and vegetables							
Fresh	1,148.0	1,107.8	1,067.6	1,027.5	987.3	947.1	906.9
Processed	200.8	193.8	186.7	179.7	172.7	165.7	158.6
Tobacco 1/	142.5	137.5	132.5	127.5	122.6	117.6	112.6
VALUE	----- Million dollars -----						
Wheat and flour 1/	2,751.1	2,524.6	2,298.1	2,071.6	1,845.1	1,618.7	1,392.2
Coarse grains	1,683.0	1,582.0	1,481.0	1,380.1	1,279.1	1,178.1	1,077.1
Rice	75.4	70.9	66.3	61.8	57.3	52.8	48.3
Rapeseed	39.3	36.9	34.6	32.2	29.9	27.5	25.1
Olive oil	104.8	98.5	92.2	85.9	79.6	73.4	67.1
Sugar	947.3	890.5	833.7	776.8	720.0	663.1	606.3
Butter	1,617.0	1,520.0	1,422.9	1,325.9	1,228.9	1,131.9	1,034.9
Skim milk powder	451.5	424.4	397.3	370.2	343.2	316.1	289.0
Cheese 1/	671.0	616.3	561.6	507.0	452.3	397.6	342.9
Other dairy 1/	1,229.9	1,156.1	1,082.3	1,008.5	934.7	860.9	787.1
Beef 1/	2,475.1	2,318.7	2,162.2	2,005.8	1,849.4	1,692.9	1,536.5
Pork	223.7	210.3	196.9	183.5	170.0	156.6	143.2
Poultry 1/	212.3	195.5	178.8	162.0	145.3	128.6	111.8
Eggs 1/	48.6	45.6	42.7	39.8	36.9	34.0	31.1
Wine	78.7	74.0	69.2	64.5	59.8	55.1	50.4
Fruits and vegetables							
Fresh	125.5	118.0	110.5	102.9	95.4	87.9	80.3
Processed	18.8	17.7	16.5	15.4	14.3	13.2	12.0
Tobacco 1/	129.3	116.0	102.6	89.2	75.8	62.5	49.1

1/ 1991-1992 base period. For beef, the base period is the simple average of the average for the 1986-90 and 1991-92 periods.

Source: EU Country Schedule.

not included in the AMS calculations. Therefore, additional policy changes to meet the required 20-percent reduction in the total AMS are unlikely to be required.

The EU's market access commitments will not have a significant impact on its internal markets. Tariffication will require changes in import policy, but even with tariff cuts, should leave EU markets with sufficient protection to prevent significant increases in most imports. For rice, lower tariffs could result in more imports. The current and minimum access tariff rate quotas the EU will establish are not expected to result in any significant growth of imports.

In some cases, imports could fall from current levels under the minimum access quotas. For example, the EU established minimum access import quotas for only 76,000 tons of pork and pork products, and only 29,000 tons of poultrymeat and products. Its imports of beef from African, Caribbean and Pacific (ACP) countries under the Lomé agreement are not included in the current access quotas. Imports of pork, poultry, and beef are currently larger than the quantities guaranteed by the quotas. Considering the significant reductions in pork and poultry exports the EU faces, it may wish to restrict imports to the quota quantities.

The EU relies heavily on world markets to dispose of surpluses of all major commodities except oilseeds. By placing a limit on the quantities the EU can export with subsidies, the GATT agreement forces the pressure of surplus production off the world market and onto the EU's internal markets. The commitments to reduce subsidized exports will have a substantial impact on EU internal markets for some products, and could cause the EU to modify its current support regimes.

The export subsidy constraints will require reductions from current levels of subsidized exports. These reductions are most significant for wheat, coarse grains, pork, and beef. By contrast, current export levels of butter and NFDm are below the export subsidy targets. Subsidized exports of cheese must be reduced. The EU can shift production from cheese to butter and NFDm to meet the export subsidy target without reducing production. For other commodities, however, EU production will have to decline to meet the targets.

The S&P agreement should not require the EU to alter internal measures to protect human, animal, or plant life and health, but could have important implications for U.S.-EU trade disputes on hormones and slaughterhouse inspection. The United States maintains that the EU's import ban on beef from hormone-treated animals is not based on science. The EU could also impose import restrictions on dairy products made from milk from cows treated with bST (bovine somatotropin). Scientific evidence indicates that this product is safe and effective, but the EU has opted to ban it because of potential negative socio-economic impacts.

Finally, the EU's meatpacking plant standards prohibit certain practices that are common in the United States, but achieve the same level of protection. The United States and EU are working to establish equivalency. The S&P agreement obligates contracting parties to accept other contracting parties' measures as equivalent if it can be demonstrated that they achieve the same level of protection. Under the S&P agreement, the United States may resort to the new consultation and dispute settlement. In the event that consultations with the EU were unsuccessful, the United States could ask for the establishment of a disputes settlement panel, which may consult with technical experts.

Importance of CAP Reform

The CAP reform program was designed to control domestic production and spending, helping the EU meet multilateral commitments on reducing subsidized exports. In some cases, the CAP reform program may not be sufficient to meet GATT commitments. Modifications in EU agricultural policies to meet the GATT commitments may be necessary where:

- CAP reform did not modify policies, or
- CAP reform does not result in sufficient reductions in surplus production.

Just as CAP reform did not alter the EU's system of import protection, it excluded a number of commodities eligible to receive export subsidies, and therefore will not reduce exportable surpluses of a number of products. The EC Commission is preparing reforms in some of these sectors, chiefly sugar, wine, and fruits and vegetables.

Although the most thorough reforms were in the arable crops and beef sectors, it is possible that surplus production will not be reduced enough to meet the export reduction commitments easily. The effectiveness of CAP reform in the grains sector depends on the area removed from production under the set-aside program, on the impact of lower prices on yields, and on the increased use of grains as animal feed.

The reformed arable crops regime includes a set-aside program, currently set at 15 percent, for area planted to grains, oilseeds, and protein crops by large producers. In 1993/94, the area planted to grains declined 7 percent from the previous year. A slight increase in grains area is expected for 1994/95. The decline in area is less than 15 percent because of the small-producer exemption, non-participation by some larger producers, and the previous 5-year set-aside scheme. Land set aside under the previous scheme is eligible to be set aside under the current scheme. Furthermore, it is difficult to know whether producers are actually complying with the set-aside requirement.

The effects of the set-aside on planted area are particularly significant for wheat. Wheat production is quite profitable, and wheat area has expanded as barley and other grain area declined. In the first years of CAP reform, coarse grain area dropped more than wheat area in most member states. The EU's commitment to reduce subsidized exports for wheat will be more difficult to meet than the commitment for coarse grains.

The Commission has stated that the CAP reform program will reduce surplus production sufficiently to meet GATT commitments. In its analysis of the impacts of CAP reform, the Commission has made very conservative assumptions about future increases in grain yields. The price cuts under CAP reform can be expected to constrain yield growth. However, grain yields should continue to increase during the GATT implementation period, even if producers do reduce input use in response to lower prices.

The set-aside program can encourage higher average yields, because producers can place their least productive area in the non-rotational program. Input use in the EU is very high, and farmers will be able to cut back on fertilizers and plant production materials without seriously depressing yields. New plant varieties empha-

sizing higher yields and better resistance are already being developed and will be available to farmers. Continued yield increases, even at a slower rate than before CAP reform, will offset part of the production-reducing effect of the set-aside.

Feed use of grain has increased as a result of CAP reform. Lower grain prices encourage farmers to feed more of their own grain on-farm, and make grains a cheaper ingredient for feed manufacturers. Grain prices will fall again in the final year of CAP reform, enhancing grain's price competitiveness with other feeds like oilseeds and non-grain feed ingredients.

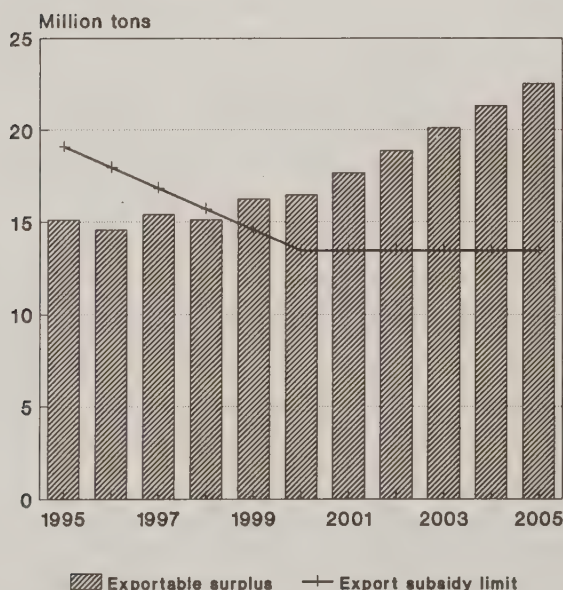
CAP reform has increased internal demand for grains, but has not resulted in a drop in production. If the area entered in the set-aside program does not increase, production will begin rising because of growth in yields. The increase in internal use of grains would probably not be sufficient to absorb the surplus production.

Figures 11.1 and 11.2 show the export subsidy limits relative to the projected exportable surpluses of wheat and coarse grains. The exportable surplus is the supply on the EU market (production and imports), less domestic use (total consumption, and unsubsidized exports such as food aid). It does not include stocks, which are currently substantial for both commodities. Even before the end of the implementation period, the exportable surpluses of wheat and coarse grains exceed the GATT limit on subsidized exports.

Reductions in EU surplus production of a number of commodities, including grains, will be necessary to meet the export subsidy limits imposed by the GATT agreement. If production does not decline, the surplus quantities will remain on the EU market, and will push down prices. Supporting prices through intervention purchases would be very costly. The EU may prefer to

Figure 11.1

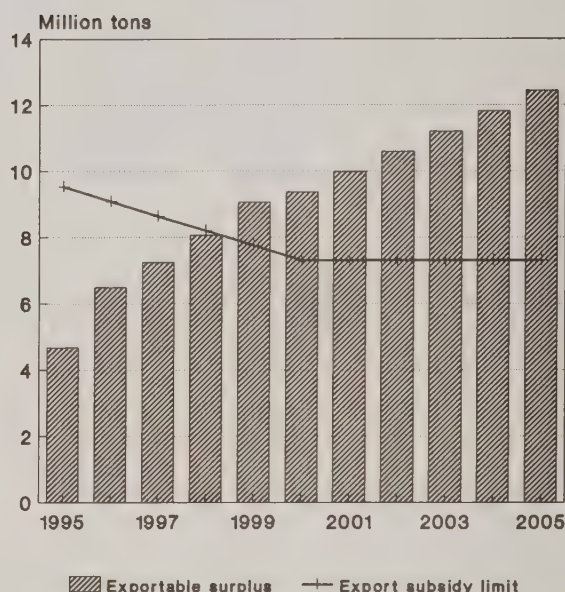
Export Constraints on EU Wheat



Source: USDA/ERS.

Figure 11.2

Export Constraints on EU Coarse Grains



Source: USDA/ERS.

modify its support policies, by increasing the set-aside, reducing support prices, or reducing the quantity of production eligible to receive support.

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EU Admits High-Income EFTA Countries as Members

Austria will become a member of the EU January 1, 1995. In the fall, Finland, Sweden, and Norway will decide whether to join. The applicants secured the necessary support to protect arctic and alpine agriculture. Prices and production for most commodities in the applicant countries will drop after accession. U.S. trade in fruits and vegetables with the new members is likely to decrease after accession. [Elizabeth Jones]

The EU Plans To Expand

The European Union may add four new members on January 1, 1995, the first enlargement since 1986. The enlargement would bring membership to 16 countries and increase the EU population to 373 million, making the world's largest trading bloc even larger.

Unlike Spanish and Portuguese accession, which threatened the U.S. grain market share, the addition of these four countries is not expected to affect overall U.S. trade significantly. However, the United States will likely lose part of its \$382-million export market with these countries for agriculture, forestry, and fisheries products.

Membership talks began in February 1993 for Austria, Finland, and Sweden, and in April 1993 for Norway. Negotiations concluded in March 1994. The EU Parliament approved the agreement in May, and in June, the treaties of accession were formally signed in Corfu, Greece, by the EU Council of Ministers and by the prime ministers of the four applicant countries. Ministers of the applicant countries are now permitted to attend Council meetings. As EU members, the applicants will gain access to the EU decisionmaking process.

In June, Austria approved membership by a 67-percent majority. Finland, Sweden, and Norway will vote by national referendum on October 16, November 13, and 28th, respectively. If approved, membership will take effect January 1, 1995. A rejection by one or more applicants will have no effect on any of the other negotiated agreements, but may influence the outcome of subsequent national referenda.

Agriculture was among the most contentious of issues negotiated. Upon accession, each applicant country must adopt the EU's Common Agricultural Policy (CAP). Some of the more difficult adjustments are the establishment of base areas (which set the total area eligible for compensatory payments under CAP reform), the alignment of prices and income compensation payments with EU levels, and the setting of quotas for milk and sugar. For certain products, new members must comply with EU quality inspections of fruits and vegetables, organic product certification, and food labeling.

EU-applicant Countries' Trade Relationship Firmly Established

Membership of Austria, Finland, Norway, and Sweden in the European Free Trade Association (EFTA) has smoothed their path toward EU membership. The EFTA countries and the EU opened free trade in many products in 1973 after three former EFTA members joined the EU. Further EU-EFTA

negotiations led to the creation of the European Economic Area (EEA) in January 1994, allowing for the free movement of goods (not including agricultural products), services, labor, and capital between the EU and the EFTA applicant countries. The applicant countries adopted most EU standards, including veterinary and phytosanitary, as part of the EEA.

The applicant countries are nearly self-sufficient in grain, beef and pigmeat, and milk, while they are net importers of vegetables, fruits, and wines. They import about \$6.6 billion per year in food, beverages, and tobacco--mostly fruits, vegetables, and wine--from the EU, and export about \$4.5 billion. The applicant countries have an agricultural trade deficit with the EU of approximately \$2 billion per year. Agricultural commodities--mostly dairy products and meat--account for approximately 44 percent of their total exports to the EU.

Agricultural Sectors Are Remarkably Similar

Both the EU and the applicant countries share common goals as each seeks to provide a decent income for its agricultural population, stable markets, and supplies at reasonable prices. The applicants use policy mechanisms that are similar to the EU's to support their agriculture, such as quotas, border protection, export aids, direct income aids, and intervention on the internal market. (In 1990, Sweden reformed its agricultural policy and began to abolish internal market regulations and export restitutions. The new policy was to be phased in over a 5 year transition period.)

The agricultural structure of the EU and applicant countries is remarkably similar. Average farm size in the EU is 13.3 hectares, versus 16.2 hectares in the applicant countries; agriculture claims 6 percent versus 5 percent of the labor force; and agriculture's contribution to GDP in the EU is 2.6 percent, versus 2.7 in the applicant countries. However, these averages fail to reveal the wide climatic, geographical, and structural diversity found within the applicant states.

With a portion of their land mass lying within the Arctic Circle, Finland, Norway, and Sweden have shorter growing seasons that vary in length from 100 days in the north and mountainous regions of the south to 190 days in the south (versus an EU average of 220 to 260 days in northern Europe). In Scandinavia, low average temperatures and severe winters reduce yields, limit crop choices, and increase crop production risks. Long internal transportation routes and low population density, particularly in the northern regions, increase production costs.

Applicants Provide Higher Support to Agriculture Than the EU

Austria, Finland, Norway, and until 1990, Sweden, have encouraged production in marginal climates and terrain through government protection, regulation, and subsidization. The subsidization has been expensive to the taxpayers and consumers. A notable difference between the EU and the applicant countries is the level of government support provided for each agricultural sector. In 1993, according to the Organization for Economic Cooperation and Development, 48 percent of the value of production in the EU came from government support measures, compared with an average of 63 percent among the applicants. The disparity reflects, in large part, the high level of support to alpine and arctic farmers. The applicants feared membership would lead to the depopulation of their more remote arctic and alpine villages once free trade in agricultural products with the EU was achieved.

National and EU Support Will Protect Nordic and Alpine Farming

EU membership potentially exposes nordic and alpine agriculture to generally lower producer prices, reduced support, and more intense competition, but farmers in these regions will receive financial compensation. Under the terms of the accession agreements, new members will receive support for their arctic and alpine agriculture in the form of permanent and transitional regional and national support, at a level not to exceed current national support. Support will be financed through EU and national funds. Permanent support includes all support available under the CAP, agro-environmental aid, nordic or alpine aid, and structural support. Transitional aid may be provided by national governments, with approval of the European Commission, for up to 5 years, to compensate producers for lost income and structural deficiencies.

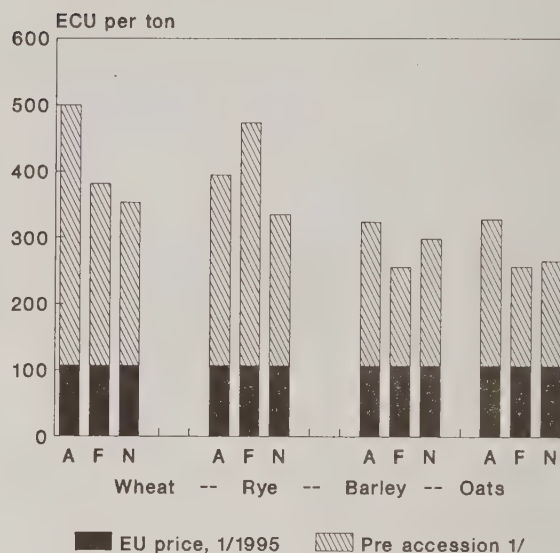
Accession To Affect Prices and Production in Applicant Countries

While the agricultural sectors of the EU and applicant countries are structured similarly, their sizes are very different. Overall, agricultural production will not be much greater in an EU-16 than in the EU-12. The immediate adoption of EU prices is expected to cut farm income and production significantly in the applicant countries. Except for Sweden, producer prices are generally expected to fall 20 to 50 percent after accession, as competition from the EU increases and support prices fall (figure 12.1). As production declines in the new member countries, imports, particularly from the northern EU members, will likely increase to fill the production gap. The impact of accession on the applicants' agricultural sectors will vary by country and commodity.

Cereals. Self-sufficiency in cereals may gradually decline in Austria, Finland, and Norway after accession as support levels and prices are expected to fall and production is projected to decline. However, in Sweden, where reform led to lower support than in the EU, producers will find more favorable conditions with higher prices and acreage support under the CAP. Cereal imports, generally provided from outside the

Figure 12.1

Cereal prices will fall in Austria, Finland, and Norway



1/ Producer price, 1989-91 average.

2/ Barley and oats are feed prices.

Source: United Nations; EU.

EU in the past, are now likely to be purchased within the EU, particularly from France.

Applicant farmers generally produce most of their feed--oats and barley--on farm, with a small amount of commercial feed imported for pig production. Finland and Sweden currently subsidize the export of approximately 400,000 to 500,000 tons of high-quality oats to the United States. For exports to continue, Swedish and Finnish officials claim some form of EU or national export support will be required. Although there is no EU intervention program for oats, under the accession agreements, the EU agreed to support Nordic oats exports. Lacking subsidies, oats producers could decide to shift production to barley (a feasible alternative, given climatic limitations), which is eligible for EU support.

Oilseeds. Producer prices and area support for oilseeds in most applicant countries will fall after accession, reducing the incentive to produce. Oilseeds production is concentrated mainly in rapeseed. With accession, the separate base for oilseeds, as established by the Blair House Agreement, is projected to increase.

According to the Swedish Ministry of Agriculture, Swedish oilseed producers must receive a price that is 2.5 times that of grains for oilseeds to be profitable. The current grains-to-oilseeds price ratio in the EU is maintained at 2.1 to 1. Without national support for oilseeds production, prohibited under the U.S.-EC oilseeds agreement, Swedish producers may switch from oilseeds to grains.

Dairy. Domestic production should continue to meet the demand for dairy products, as self-sufficiency will be maintained under the new EU quotas. Austrian, Finnish, and Norwegian milk producer prices are expected to fall between

20 and 30 percent. Swedish milk prices are currently lower than EU prices. Nordic and EU aid will aim to restructure and improve the competitiveness of the Norwegian and Finnish dairy industries. Milk production costs in Finland, Norway, and Austria may fall with cheaper feed prices. National trademarks for Finnish butter and cheese may maintain consumer preference and Finnish home market share.

Sugar. The added sugar production of the applicant countries is not expected to increase EU sugar self-sufficiency, as the applicant countries are net sugar importers. (See Sugar article.) Sugar producer prices in the applicant countries are expected to rise considerably after accession, giving producers a big income boost. Production quotas reflecting current or slightly increased consumption have been assigned to Austria, Finland, and Sweden. No quota was assigned to Norway as it produces no sugar. Austria claims its quota will cap production far below capacity, forcing the closure of all but one processing plant.

Beef. Herd limits for premia payments were set for male bovines and suckler cows in the new member states. After accession, beef prices and production are expected to fall in the new member states, while consumption is projected to rise.

Hogs. Producer prices for pigs in the applicant countries are expected to decline as much as 50 percent in some places. In Austria, small producers may be forced out of production while larger, more efficient ones will probably survive. Surplus pig production in Austria will likely be exported to Italy. Norway expects to face stiff competition from Danish pig producers, whose farms are 10 to 20 times larger and production costs are half those of Norway's (table 12.1).

Fruits and Vegetables. Nordic and alpine fruit and vegetable producers are expected to lose market share to lower-price Mediterranean producers, particularly those from Italy and Spain. Fruit and vegetable consumption in Sweden may rise with lower EU prices, while higher prices in Norway are expected to cut consumption. EU-12 wine exports to the Nordic countries are expected to increase as wine markets are deregulated.

Table 12.1: Competition in the pork sector likely to increase for new members after accession

	Self-sufficiency 1/ Percent	Avg. number of pigs per farm 2/ per 1,000 tons	Total exports 1/ 1,000 tons
Austria	101	25.4	6
Finland	106	76.7	10
Norway	98	82.0	1
Sweden	99	158.0	9
Denmark	408	345.2	1,210
Netherlands	254	472.3	1,113
EU	105	66.1	3,562

1/ Source: USDA, 1994; Norway, 1993.

2/ Source: Eurostat, 1991; Austria, 1987; Finland, 1990; Norway, 1990; Sweden, 1987.

Bananas. The applicant countries are large banana consumers, with most of their imports being "dollar" bananas from Latin America. The applicant countries hope to be granted import licenses for a specified quantity of the EU's banana import quota equivalent to their historic import levels. Within the quota, "dollar" banana imports will face a tariff of 75 ECU (\$92) per ton, much higher than the prevailing tariffs in the applicant countries. After accession, the price of bananas in the applicant countries will rise due to the increased tariff. Prices may further increase if the quota assigned to the applicant countries is less than the current level of consumption, as happened in the EU. "Dollar" banana imports in excess of the quota will face a tariff of 850 ECU (\$1,037) per ton, which may effectively cap consumption at the quota level.

Consumer Prices To Fall After Accession

Unlike producer prices, consumer prices in the applicant countries are expected to fall only 3 to 10 percent after accession, as some new member governments may use high taxes on foodstuffs to help pay for accession. However, increased competition from EU retailers eventually is expected to help lower consumer prices.

Opportunities for U.S. Trade Diminish with Enlarged EU

While the applicant countries do not represent a large market for the United States, the United States could lose part of its \$382 million in agricultural exports to the region. Principal U.S. exports are processed fruits and vegetables, soybeans, tobacco, rice, and tree nuts. Following accession, the United States will face higher tariffs in these countries for long-grain parboiled rice, some nuts, many processed and fresh fruit and vegetables, and tobacco (table 12.2).

Table 12.2: Higher flue-cured tobacco tariffs may curb U.S. imports after accession

	UR tariff proposal	Avg. U.S. exports FY 91-93 Thousand dollars
EU	18 % Min. 22ECU per 100kg net Max. 24ECU per 100kg net	\$360,630
Austria 1/	10.8 % AS340 per 100kg	3,921
Finland	free	3,673
Norway	free	5,996
Sweden	free	7,870
Total exports		\$382,090

1/ The applicable bound duty rate shall be the specific or ad valorem rate whichever is higher.

Source: USDA; Country schedules--Austria, Norway, Finland, Sweden, and the EU.

In 1993, approximately 43 percent of the 94,000 tons of rice imported by the applicant countries consisted of high-value long-grain rice from the United States, and entered virtually tariff-free. Currently, EU rice imports face licensing requirements and a variable levy of approximately \$760 per ton. With implementation of the more favorable Uruguay Round conditions, EU protection against U.S. rice will fall, but will nevertheless be much higher than currently faced in the applicant countries. Whether higher-priced U.S. rice will sell in the applicant countries after accession will likely depend upon consumer preference and willingness to pay.

In fiscal year 1992/93, the United States exported approximately \$117 million of fruits, vegetables, and nuts to the applicant countries. After accession, high EU tariffs applied to nuts, fruits, and vegetables will likely divert trade from the United States to the EU.

At the time of accession, EU sanitary and phytosanitary standards will be extended to the applicant countries, potentially reducing U.S. exports to the region. The EU ban on hormone-treated meat and the Third Country Meat Directive (TCMD) will be extended to the four applicant countries, which will restrict U.S. access to their meat markets. The TCMD limits the number of U.S. slaughterhouses capable of shipping red meat. Between 1991-93, U.S. exports of beef and veal to the applicant countries averaged \$13.8 million annually. In response to the ban, the United States will likely retaliate by imposing a 100-percent ad valorem tariff on approximately \$25 million worth of imports--primarily fruit juices and beef--from the applicant countries.

With accession, the United States will require the EU to recalculate and establish new export subsidies and tariff-rate quota commitments under the GATT. Internal support commitments will also need to be recalculated. The United States plans to examine the accession agreements for any breaches of GATT bindings and Uruguay Round commitments, as they relate to market access for U.S. production and trade in goods and services. If appropriate, the United States will likely pursue compensation for any loss of benefits under GATT Article XXIV:6.

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Future Prospects for Central and East European Agriculture

The future for agriculture in the countries of Central and Eastern Europe looks brighter than their current situation. In the midst of their economic adjustment, the CEE countries signed the Uruguay Round agreement, which includes commitments on liberalization in the agricultural sector. The Uruguay Round agreement will improve the domestic situation and trade prospects for the Central and Eastern European countries. The prospects for joining the European Union largely depend on whether the EU substantially changes the Common Agricultural Policy. [Daniel J. Plunkett and Douglas Maxwell]

Beginning in 1989, transformation in the six countries of Central and Eastern Europe (Bulgaria, the Czech Republic, Hungary, Poland, Romania, and Slovakia) led to a sharp contraction of their economies. The removal of consumer subsidies (and declining income) shifted consumption from previously highly subsidized foods, such as meat and dairy products, to relatively less subsidized commodities, such as bread and potatoes. Livestock herds were dramatically reduced as CEE farmers slaughtered their animals without replacing them due to both falling consumer demand and the high, drought-induced feed prices in 1992 and 1993. Cattle

and sheep herds in 1993 were 25 percent lower than in 1989, while the swine herd was 12 percent smaller.

The CEE countries should see a recovery in agricultural production and consumption through the rest of the 1990s, reversing the slide in recent years. Gross domestic product (GDP) is expected to grow 2-2.5 percent per year through 2000 (not including the effect of the Uruguay Round), although it is difficult to predict medium-term economic growth in the region. By 2000, income growth should allow CEE

Table 13.1: Supply and demand projections for Central and Eastern Europe 1/

		Production	Imports	Exports	Total consumption	Feed use
		-----Thousand tons-----				
Wheat	1992-94	25,514	1,561	649	26,204	11,433
	2000	28,268	812	1,000	27,859	12,155
Coarse grains	1992-94	38,152	2,265	615	41,009	30,694
	2000	49,565	498	3,133	46,906	34,279
Oilseeds	1992-94	3,319	411	332	3,407	Crush 3,169
	2000	3,946	599	273	4,311	3,999
Oilseed meals	1992-94	1,637	1,532	53	3,112	
	2000	2,257	2,367	15	4,608	
Beef	1992-94	1,458	56	100	1,415	
	2000	1,766	4	209	1,558	
Pork	1992-94	3,915	72	95	3,912	
	2000	5,019	57	291	4,752	
Poultry	1992-94	1,254	81	124	1,221	
	2000	1,513	54	142	1,416	

1/ Bulgaria, Czech Republic, Hungary, Poland, Romania, and Slovakia.

Projections rely on specific assumptions about growth in population and income, and world market developments. Results do not include effects from the Uruguay Round or accession to the EU.

Sources: USDA TimeSeries database for 1992-94; ERS baseline projections.

consumers to increase meat purchases, boosting prices and meat production (table 13.1). As CEE producers rebuild their herds, exports of beef, pork, and poultry should surpass 1992-94 levels. The CEE's ability to boost production in response to domestic demand assumes that institutional changes in the production and marketing system will occur, perhaps even more quickly than at present.

Higher livestock production is projected to stimulate demand for oilseed meal for animal feed. Consumption of oilseed meals by 2000 is expected to increase from 1992-94 as livestock herds grow and feed mixtures incorporate slightly more protein. The accelerated demand for protein meals is likely to be met by imports and increased domestic production. The CEEs tend to favor imports of soybean meal rather than soybeans, in part due to an adequate supply of domestically produced vegetable oils. Sunflowerseed is the most commonly grown oilseed (Hungary and Romania are the largest producers), followed by rapeseed (Poland), and soybeans.

CEE cereals production in 2000 should benefit from greater feed demand and a return to more normal weather than during 1992-94. The CEEs, taken as an aggregate, are projected to move from being net importers of wheat and coarse grains in 1992-94 to net exporters by 2000. These projections rely on a number of specific assumptions, including the evolution of supply and demand in the rest of the world.

Where Does Comparative Advantage Lie for the CEEs?

Economic transformation in the CEEs has greatly changed patterns of agricultural trade in the region. For the most part, all of the CEE countries were meat exporters in the 1980s, while Hungary, Poland, and Romania also exported a variety of crop products on a consistent basis. By reducing their herds after 1989, the CEEs continued to export livestock products, but many countries no longer have a meat surplus. There remains considerable underutilized capital equipment for livestock rearing, although these structures may require new investment to be profitable.

The main elements that favor CEE competitiveness in agricultural trade currently are low wage costs, some remaining large farm structures, and strong technical agronomic expertise. The CEEs also have generally good land and water resources, and few cost-raising environmental restrictions. The shift towards a more balanced animal/crop mix may be permanent, with strong performance in labor-intensive sectors like fruit and vegetables.

Improving productivity per unit of labor and the quality of products will be essential for the CEEs to become competitive. Many CEE products face quality problems--such as low protein content of wheat, short shelf-life of dairy products, or inferior meat attributes--that make them unattractive for high-income markets. With the strong educational and scientific tradition in the CEEs, the prospects are good for resolving

these types of quality problems. Focusing on quality, and maximizing their comparative advantage, is a better strategy for the CEEs than other steps, such as establishing an export credit system in order to sell to insolvent importers like the former Soviet Union.

Uruguay Round Offers Improved Outlook For CEEs

Even with their agriculture sectors in transition, the CEE countries made specific binding commitments in the Uruguay Round. As World Trade Organization (WTO) members, the CEEs will have binding maximum tariff rates and an obligation to abide by WTO rules, such as national treatment, non-discrimination, and dispute settlement procedures. The agricultural provisions, starting in 1995 and implemented by 2000, entail commitments by the CEEs on market access, internal support, export competition, and veterinary and phytosanitary rules. The commitments made by the CEEs probably will not constrain development of their agricultural sectors, and agricultural trade liberalization could create new outlets for their products.

The Czech Republic, Hungary, Poland, and Slovakia signed the Uruguay Round in Marrakesh on April 15, 1994, and will enter the WTO as developed economies. Romania also signed the Uruguay Round but will be admitted as a developing country, with a schedule of commitments spread over 10 years. Bulgaria did not sign the Uruguay Round agreement, but is expected to join eventually as a developing country.

The Uruguay Round is expected to improve prospects for CEE agriculture. Stronger export opportunities for CEE manufactured products could cause GDP to be nearly 1 percent higher in 2000 than without the Uruguay Round. Reduced subsidized exports by the United States and the EU should open up export opportunities for the CEEs, primarily for wheat, poultry, and pork.

The main impact of the Uruguay Round on the CEEs will come from changes elsewhere, especially in the EU (see Implications of the GATT Agreement for EU Agriculture). In its schedule, the EU opened significant expanded access opportunities in nonfat dry milk and eggs. The EU also specified that imports under the Association Agreements would count towards their GATT tariff-rate quotas (TRQs), which means that on some products, the CEEs will face a lower tariff than the in-quota tariff rate, giving them an advantage over other suppliers.

Even more importantly, the commitments limiting subsidized exports by the EU, the United States, and the countries of the European Free Trade Association (EFTA) should open some export opportunities for CEE farm products. With limits on export subsidies, the CEE's competitors must choose which destinations to focus on. Thus, CEE exporters may have greater opportunities for non-subsidized trade, particularly to the Middle East and North Africa. The Uruguay Round provisions are expected to raise prices for agricultural commodities in markets no longer targeted for subsidized exports, perhaps including the CEE countries (especially in later years). One of the main CEE complaints has been that subsidized EU exports to the CEEs have depressed prices on internal markets in the middle of a difficult restructuring

process. With quantitative limits on subsidized exports, the EU could grant the CEEs a major concession by agreeing not to use export subsidies in sales to the CEEs.

Uruguay Round Forces No Major Internal Changes on CEE Agriculture

In the Uruguay Round, the CEEs established upper limits on their most-favored nation (MFN) import tariffs, which apply to all trading partners in good standing. Although at face value this could reduce the ability of CEE governments to raise protection for farmers, the CEEs bound their MFN tariffs at very high levels, i.e. higher than those currently in force. This leaves them with considerable room to increase protection for their agricultural sector. Poland aimed to set its final bound duty rates at levels equivalent to those of the EU.

There is a danger that the CEEs will impose the maximum MFN tariffs, largely closing their markets off except for the TRQs. This would not contribute to developing competitiveness, because internal prices for consumers would increase, and any surplus production stimulated by higher prices would be priced above world market levels. U.S. trade could be affected if the CEEs impose higher tariffs than at present, but grant the EU concessional access.

The commitments on internal support in the Uruguay Round bind the CEEs to maximum levels of government support for agriculture, as measured by the aggregate measure of support (AMS). Commitments are based on a total AMS for the whole agricultural sector. Policies exempt from the reduction commitment include a variety of government services and assistance that "have no, or at most minimal, trade distortion effects or effects on production" (Modalities text).

In theory, the total AMS for 2000 represents a 20-percent cut in support from the 1986-88 base period. In practice, the CEE countries will probably not have to cut domestic support from current levels due to the AMS commitment, because the major policy changes since the 1986-88 base period have already greatly reduced government support. Even with the internal support commitments, CEE governments probably maintain substantial flexibility in implementing internal support policies. Some countries, such as Poland, could even increase support substantially from current levels.

Minimum Access Offers Few New Opportunities for the United States

Regarding minimum access, the CEE countries opened tariff-rate quotas for a number of products. TRQs offer the opportunity for a specified quantity of a commodity to enter at a reduced tariff rate. Additional imports beyond the TRQ face the MFN tariff. Hungary and Poland opened TRQs on a comprehensive list of products, while the Czech Republic and Slovakia only opened quotas for meats, oilseed products, and vegetable oils. Romania opened very few quotas.

Opening a tariff-rate quota does not necessarily expand market access, since imports may already exceed the TRQ. There is also the possibility of protection within the TRQ by setting the in-quota tariff rate too high for the trade to occur. While this practice goes against the GATT's recommendation for a

"low or zero" tariff within the quota, many countries, including the EU, used this method. Hungary is opening a TRQ for a quarter of a million tons of "cereal grains," which are rolled and flaked grains used for processed cereal products, but the in-quota tariff rate is set at 50 percent, only 10 percent below the MFN rate. Some of the in-quota tariff rates may be those currently applied, which is the case for Poland. In these cases, increased imports may not occur.

Table 13.2 shows the most important examples of expanded access opportunities; that is, where recent imports are less than the TRQ in 2000. The most interesting opportunity is 223,000 tons of corn into Hungary with a 3-percent tariff.

CEEs Permitted \$1.4 Billion in Export Subsidies in 2000

Export subsidies make exported goods more attractive to foreign buyers, but distort comparative advantage between countries. Under the former system of centrally planned trade, CEE agricultural exports were often valued below the domestic price. Even though the oil or gas or other products the CEEs received in return also may have been undervalued, in the Uruguay Round CEE agricultural exports are considered to have benefited from an implicit export subsidy during the 1986-90 base period.

The Czech Republic, Hungary, and Slovakia currently are using explicit export subsidies. Yet these countries are discovering how expensive it is to operate a system of export subsidies, and how inefficient it is as a means of supporting farmers' income. In 1992, Hungary allocated \$400 million for export subsidies, falling to \$246 million in 1993 and \$222 million for 1994. Slovakia spent \$108 million on export subsidies in 1991, but only \$39 million in 1992 and less than \$5 million in the first half of 1993. In comparison, the EU spent 9.5 billion ECU (\$11.6 billion) for export subsidies in 1992.

The CEE countries committed to specific quantity and expenditure limits on export subsidies in the Uruguay Round, with permitted expenditure totaling \$1.4 billion at 1992 prices (table 13.3). For some products, particularly fruits and vegetables and meats, the volume of subsidized exports permitted the CEEs are substantial compared with those of other major exporters.

The final CEE allowance for subsidized exports of fruits and vegetables is nearly identical to the EU's 1.066 million tons. The CEE's allowance for pork is just under the EU's 388,000 tons, while that for poultry is about two-thirds of the EU's 291,000 tons. The CEE's allowance for nonfat dry milk is about half the EU's 243,000 tons. The CEEs have an allowance of 273,000 tons of subsidized vegetable oil exports, greater than the U.S. allowance of 141,000 tons. In contrast, the CEE's allowance for subsidized cereals exports of 1.8 million tons is much less than the EU's allowance of 23.4 million tons and the U.S. allowance of 16.1 million tons. There are, of course, no limits on non-subsidized exports.

Establishing the right to use export subsidies could make the CEEs more attractive as potential EU members. If the CEEs join the EU at some point in the future, their export subsidy allowances might be added to the EU totals. This "dowry effect," bringing the CEE export subsidy allowances into the EU, is far from a certain outcome. It could be a major concern to the United States because the actual quantities of subsidized exports could increase greatly in an enlarged EU.

EU Membership a Major Goal for CEE Countries

After the European Union enlarges in 1995 (involving Austria and potentially Finland, Norway, and Sweden), the six CEE countries hope to join soon as well. Currently, the CEEs have associate member status through the Association Agreements, including a number of preferential agricultural trade conces-

Table 13.2: Expanded access opportunities in the CEE countries in 2000 1/

Country	Product	Recent imports	Tariff-rate quota	In-quota tariff rate	MFN tariff 2/
----- Thousand tons-----					
Czech Republic 3/	Pork	0	25	25%	39%
Slovakia 3/	Pork	0	10	30%	39%
Hungary 3/	Pork	5	25	15%	52%
Poland 3/	Pork	35	66	30%	76%
Hungary 3/	Beef	2	14	15%	72%
Czech Republic 3/	Beef	1	12	30%	34%
Slovakia 3/	Beef	0	4	30%	41-47%
Hungary	Rye	0	15	2%	50%
Hungary 4/	Cereal grains	NA	256	50%	60%
Poland	Oats	0	19	20%	38%
Hungary	Corn	0	223	3%	32%
Hungary	Rice	12	19	25%	63%

1/ Where recent imports are less than the tariff-rate quota offered in the Uruguay Round.

2/ Outside the quota, most-favored nation (MFN) tariffs apply. Bound rates for 2000 shown.

3/ Rates shown are for carcass meat. Different rates apply for live animals and products.

4/ Tariff code 1104, rolled and flaked grains. Import data not available.

Sources: Country schedules; USDA TimeSeries database.

sions. Full EU membership would extend the Common Agricultural Policy (CAP) to CEE agriculture.

The EU sees accession by the CEEs as possible after they have achieved substantial economic progress. The EU agreed to eventual membership for the six CEE countries at the Copenhagen summit in June 1993, stating that "the associated countries in Central and Eastern Europe that so desire shall become members of the EU. Accession shall take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required."

A number of internal EU concerns may delay the start of accession negotiations. First, the EU is just beginning its current enlargement. In contrast to the CEEs, the four EFTA applicant countries are high-income economies expected to be net contributors to the EU budget. Second, the EU's goal of economic and monetary union (EMU), established under the Maastricht Treaty, calls for the creation of a common currency no later than 1999. The main criteria for EMU involve convergence of EU member state performance on budget deficits, national debt, inflation, interest rates, and currency stability. If the EU moves further towards EMU, the economic conditions necessary for the CEEs to join could become more stringent. Finally, the 1996 inter-governmental conference to review the EU's institutions and structure could significantly alter the way the EU functions.

The CEEs, however, see early EU membership as a means of accelerating their economic development. Hungary and Poland submitted applications to join the EU in April 1994, hoping to start negotiations in 1997. The Czech Republic has announced it will file an application in 1996, and Slovakia could follow suit. While the CEEs are now aiming for accession to the EU by 2000, or before, the EU could delay 5 years beyond that. Agriculture is one of the main issues blocking early membership, because CEE agriculture is undertaking major structural reform at the same time that the EU is undertaking major policy reform.

Bringing the CEEs under the current CAP without further reforms could lead to prohibitively high costs for the EU budget. The net income transfer from west to east would be worth billions of ECU. Before allowing the CEEs to join, the EU may decide to reduce EU prices further toward world market levels and increase member states' roles in making direct payments to farmers. The arable crop payments under the current CAP reform, which compensate for a reduction in EU policy prices, may not be extended to the CEEs, where farmers now face prices well below those in the EU.

CEEs Developing Support Policies With an Eye on the EU

With the goal of EU membership, CEE countries have begun adopting commodity market regulation measures that imitate the policy tools of the CAP. These include intervention buying, compensatory duties to bring import prices up to threshold

Table 13.3: Export subsidy allowances for CEE countries in 2000 1/

	Czech	Hungary	Poland	Romania	Slovakia	CEE total
-----Thousand tons-----						
Cereals	63	1,304		290	109	1,767
Oilseeds 2/		71	342	3		415
Veg. oils 2/	7	146	30	86	4	273
Sugar	5	32	104	151	4	296
Potatoes 3/	15		394		12	421
Fruits and vegetables 4/	9	284	494	250	7	1,044
Beef 5/	50	84			28	162
Pork 5/	10	126	81	158	5	379
Poultry 6/	23	111	13	30	11	188
NFDM	67		37		15	119
Cheese		2		11		13
Other dairy 7/	63		15	15	7	100
Total expenditure permitted						
in million 1992 dollars 8/	271	419	500	147	109	1,446

1/ Not all commodities are shown. 2004 for Romania.

2/ Specified as rapeseed in Poland and sunflowerseed in Hungary.

3/ Includes 34,000 tons of starch in Poland. Only starch in former CSFR.

4/ Includes fresh, frozen, and processed. Specified as apples in Hungary.

5/ Pork number for Poland and Romania is an aggregate of beef, pork, and sheepmeat.

Poland also has an allowance of \$67 million for "animal husbandry products."

6/ Includes eggs in former CSFR. Romania also has an allowance for 1.2 million eggs.

7/ Other dairy specified as casein in Poland and butter in Romania.

8/ Adjusted to 1992 U.S. dollars. Exchange rates from OECD and Plan Econ.

Source: ERS estimates based on country schedules.

levels, import licenses, and export subsidies. These policies not only tax the budgets, but also consumers, thus reinforcing the pronounced demand shift since the transformation. Elements of the CAP missing from CEE policies include consumption and processing subsidies for surplus commodities such as skim milk, olive oil, wine, and fruits and vegetables, and the wide array of direct payments under the CAP. Border control in the CEEs has yet to be as rigorous as that in the northern EU countries.

The main constraints on further development of CAP-style policies by the CEEs are limited budget resources and the lack of government rules and technical expertise to administer CAP mechanisms. The technical requirements for many CAP policies, such as administering the milk delivery quota, are exceedingly complicated.

Focusing on CAP price support policies may keep the CEEs from completing their structural reform. CEE farmers face an array of structural problems, such as being caught between upstream and downstream sectors still operating in monopolistic or oligopolistic fashion. The privatization process caused a miniaturization of farms in some countries while ill-defined property rights contribute to an illiquid land market. At the outset of the transformation, the economies of scale possible on well-run large farms were considered to be one of the CEE's potential advantages vis-a-vis the EU, where the average farm size is only 13 hectares (U.S. farms average 187 hectares).

The CEEs generally still lack effective market institutions such as a credit system, commodity exchanges, wholesale markets, futures markets, market news services, uniform grades and standards, and statistical reporting. CAP-style policies, which transfer income to farmers without stressing quality or efficiency, could delay the CEEs from making best use of their comparative advantage.

The CEE's continued movement toward market-oriented economies, including trade liberalization in the GATT, will help them prepare for EU membership. On the other hand, the CEE's farm policies, focusing on price support and border measures, will probably slow the structural change needed to develop efficient production and distribution systems that would limit the budget transfers once they join the EU.

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Outlook for Industrial Use of Arable Crops

Aided by an EU regulation that allows producers to grow crops for industrial use on set-aside land, oilseeds, grains, and sugarbeets are increasingly being grown to produce fuels, lubricants, paints, and chemicals. Further increases in industrial crop production are likely, but will be limited by processing capacity, restrictions on industrial oilseed area, and lack of competitiveness with conventional products. [Mary Anne Normile]

Production of arable crops for industrial use is rising in the EU, encouraged by policies that provide incentives for their production and use. Crops most affected by the range of new policies include oilseeds (rapeseed, sunflowerseed, and linseed), grains (wheat and corn), and sugarbeets. Some minor crops are also eligible for industrial use set-aside subsidies. The benefits to producers of growing industrial crops has helped establish them as a viable alternative to set-aside left fallow.

EU Policy Favors Industrial Crop Production

Provisions of the arable crops scheme adopted under the 1992 reform of the CAP allow producers to grow certain crops for non-food and non-feed uses on set-aside land. A producer taking advantage of this provision is able to satisfy the set-aside requirement, receive a payment for the land set aside, and produce a crop that can be sold on the market.

Rapeseed, soybeans, linseed, sunflowerseed, and several minor oilseeds are among the crops that may be grown on set-aside land when destined for use in the manufacture of certain end products (primarily vegetable oil products) for uses other than human or animal consumption. Grains, potatoes, peas, plants used in perfumery, pharmacy, insecticidal, fungicidal, or similar purposes, vegetable material used in stuffing or padding or in brooms or brushes, and flax are also eligible.

These commodities may be grown on set-aside land when used to produce any industrial product, vegetable oil and related products not intended for human or animal consumption, ethyl alcohol for use in motor fuel, or any of the above products that are burned in power stations for energy. Excluded from the program are hemp, which already receives specific EU aids, and crops grown for starch, such as grains or potatoes.

Sugarbeets were added to the list of eligible products as a result of the price-setting decisions of June 1993. However, set-aside land cultivated in sugarbeets for industrial use does not receive the set-aside premium, and sugarbeets produced on set-aside are outside the quota amount that receives price support.

To be eligible for the program, the value of the non-food/non-feed products obtained from processing oilseeds must be higher than that of all other products destined for human or animal consumption obtained during the same processing. Soybeans are generally not eligible for this program because of their low oil content (about 18 percent), which makes the

value of soybean oil for industrial use less than the value of the meal.

To receive the set-aside payment, producers growing eligible crops must have a contract with a processor for the sale of these products. Processors must also post 120 percent of the set-aside payment as a guarantee to the country's intervention agency. These funds are returned when the processor can show that the crop has been processed. In order to remain competitive with conventional sources of raw material, the price paid to the producer for industrial-use crops is frequently lower than the market price of the crop for food or feed use.

CAP reform, implemented beginning in 1993, has also promoted use of grains for industrial purposes by reducing grain support prices. However, even with programmed price cuts, grain support prices will remain above world market prices for the foreseeable future. Oilseeds, which traded in the EU at world market prices prior to the 1992-93 policy reforms, have been less affected by price changes resulting from policy reforms. Proposals to reform the sugar regime, which was not affected by CAP reform, are under discussion.

Industrial Use Area Up in 1994

Under CAP reform, 1993 was the first year of set-aside, and the first year that industrial crops could be planted on set-aside land. Set-aside area planted to rapeseed and sunflowerseed amounted to 222,000 hectares in 1993, less than 10 percent of total land set aside (table 14.1). A small amount of linseed also was planted on set-aside land, mainly in the U.K. Less than one-half million tons of oilseeds were produced under this program. Set-aside area planted to grains was much smaller--less than 10,000 hectares in 1993. Sugarbeets were not yet eligible to be grown on set-aside land in 1993.

The set-aside premium was increased for the 1994/95 crop year from 45 ECU (\$66) per ton to 57 ECU (\$84) per ton. The payment rate is multiplied by the regional average grain yield to calculate the perhectare set-aside payment. For regions whose grain yields are the EU average of 4.6 tons per hectare, the change increased the set-aside payment from 207 ECU (\$305) per hectare to 262 ECU (\$385) per hectare. The increase in compensation for set-aside provided producers an incentive to grow crops for industrial use on set-aside land. The higher payment made participation in the general arable crops scheme more attractive to farmers and made cultivation of crops for industrial use more profitable. The general arable crops scheme requires that participants set aside part of their land in order to receive payments on the area planted to grains, oilseeds, or protein crops. Higher market prices for oilseeds

Industrial Uses of Crops

Oilseeds. Vegetable oils from oilseeds are used for a wide range of industrial products, including soaps and detergents, paints and varnishes, pharmaceuticals, plastics, and electronics applications. There is a large and growing market for specialized uses for certain vegetable oils, including biodiesel, and erucic and oleic acids. Methyl ester, or biodiesel, is a diesel fuel substitute that can run most existing diesel engines with few modifications. Methanol, or another alcohol, is combined with vegetable oil to produce a combustible ester, glycerine, and acids. Biodiesel can use any oilseed oil as a feedstock (soybean, sunflower, rapeseed, palm oil), as well as tallow and waste greases. The resulting product can be burned alone or blended with conventional diesel fuel. High erucic acid rapeseed has been grown as an industrial crop for many years. Much of this production has shifted to set-aside land, primarily in the U.K. and France. Erucic acid has many industrial applications, including specialized lubricants as well as in the production of certain nylons. High-oleic sunflowers produce oleic acid for chemical production. Oleic acid from sunflowerseeds replaces oleic acid from tallow and palm, which are expensive and inferior sources. Linseed oil from the oil-rich seed of the flax plant has a wide range of industrial uses. Foremost among these is as a source of oil for oil-based paint, and as an ingredient in the production of linoleum floor covering.

Grains. The main industrial use for grains is in starch production. Crops used to produce starch are not eligible

for the set-aside program. Grains are beginning to be used in the EU to produce ethanol (ethyl alcohol). Ethanol is used as a motor fuel, either directly in specially adapted engines, or in blends with gasoline. Ethanol is produced from the direct fermentation of sugars (from sugar cane or sugarbeet), or, after hydrolysis, of starch, such as from grains or potatoes. The alcohol produced from grain, or from sugarbeets, undergoes further processing to produce fuel alcohol.

In contrast to the United States, where corn is used to produce ethanol, wheat is the most widely used grain for ethanol production in the EU. Production of ethanol from wheat produces wheat gluten feed as a byproduct, a high-quality animal feed that is similar to corn gluten feed. Ethanol also may be incorporated into gasoline in the form of ETBE (ethyl tertio butyl ether), a compound used to boost octane levels in unleaded gasoline.

Sugarbeets. Sugarbeets are used to produce a number of chemical products, as well as ethanol. Sugar is used in the manufacture of industrial, chemical, and pharmaceutical products and plastics. The EU offers production refunds to the chemical industry for sugar or intermediate products made from sugar used in such applications. The refunds reduce the price to the industry of obtaining the sugar or sugar-based raw material. Production of ethanol from sugarbeets produces sugarbeet pulp as a byproduct, which is used as a grain substitute in animal feed in the EU.

in 1993/94 also sparked producer interest in growing oilseeds for all uses, including industrial use oilseeds on set-aside land. Greater producer familiarity with this option, and with outlets for industrial crops, also influenced expansion.

Area planted to oilseeds for industrial use has expanded more rapidly than industrial-use grain or sugarbeet area. In 1994, area planted to industrial oilseeds grew an estimated 150 percent (table 14.1), compared to little or no increases in grain area. Sugarbeets for industrial use were grown on only a few thousand hectares of set-aside area in 1994, but were not eligible for the 1993 program.

The increase in area sown to industrial use crops has also been aided by policies instituted by EU member nations. Several member states promote the use of fuels of agricultural origin through tax relief aimed at making biofuels competitive with less costly fossil fuels. In 1993, France and Italy offered supplementary set-aside payments to producers growing oilseeds for biodiesel production. These payments were not offered in 1994.

The EU and its member nation governments have been encouraged to institute policies that encourage industrial crop production and use because of possible benefits to producers, to the environment, and to the problem of reducing agricultural surpluses.

From the producers' perspective, growing industrial crops on set-aside land offers supplemental income by providing revenue from crop sales in addition to the set-aside premium. It can also provide agronomic benefits in terms of weed control and by keeping in the rotation crops like rapeseed that may otherwise be eliminated because of low returns.

Biofuels have many environmental benefits, although their net effect on the environment is difficult to measure. They are a renewable source of energy. There is no net release of carbon dioxide because their combustion releases carbon dioxide recently extracted from the atmosphere by the plant. In contrast to fossil fuels, combustion of biodiesel and ethanol produce almost no sulphur dioxide, and much lower emissions of carbon dioxide and hydrocarbons. The fuel is also biodegradable, a characteristic that could be important in the event of spillage. For these reasons, biofuels are increasingly being adopted for use in "environmentally sensitive" areas. However, they produce slightly higher levels of nitrogen oxides than petroleum-based gasoline and diesel. Intensive cultivation of crops used to produce biofuels, like any crops, poses a risk of harmful environmental effects, including soil erosion, excessive fertilizer and pesticide use, and possible groundwater contamination.

Domestic production of fuels of agricultural origin could make a small contribution to reducing the EU's dependence on foreign supplies of energy. The EU imported 78 percent

Table 14.1: Oilseeds for industrial use planted on set-aside area

Country/crop	1993	1994
---Thousand hectares---		
United Kingdom		
Rapeseed	40,000	83,000
Linseed	11,000	15,000
Germany		
Rapeseed	70,000	80,000
France		
Rapeseed	49,000	192,000
Sunflower	1,000	20,000
Denmark		
Rapeseed	18,000	35,000
Italy		
Sunflower	28,000	55,000
Rapeseed	0	4,000
Spain		
Sunflower/rapeseed	6,000	25,000
Belgium		
Rapeseed	5,000	10,000
TOTAL	228,000	519,000

Source: USDA, FAS Attache reports.

of its oil used in 1990. The European Commission has targeted supplying 5 percent of motor vehicle fuel consumption with biofuels by 2005. Currently, biofuels account for less than 0.1 percent of EU fuel consumption.

Industrial use of crops can contribute to reducing surpluses of agricultural commodities. Grains have been in chronic surplus in the EU since the early 1980s and sugarbeets are produced in excess of domestic needs. While the EU remains a net importer of oilseeds, there is less demand for the oil component than for meal, and the excess oil produced from oilseed crushing must be disposed of on world markets. Stagnating demand for agricultural products in general and continued increases in output due to productivity gains mean that the EU will face continued pressure to find new outlets for agricultural output. The small, but growing, industrial market is seen as a potentially important source of demand for excess oil, grain, and sugarbeet production.

Outlook for Industrial-Use Crops

Production and use of industrial crops are likely to increase in the EU, but the extent of the increase will depend on a number of factors.

- **Demand for industrial products.** Most of the products from industrial oilseeds are either supplied from existing

production, or are in highly specialized markets too small to hold any significant potential for growth. Biofuels have a greater potential for increased use. Their potential for replacing conventional fuels is limited mainly by cost considerations and current processing capacity.

- **Industrial processing capacity.** The EU's currently operating biodiesel plants have an estimated combined capacity of 250,000 tons a year. Plants are being planned or are under consideration that, if completed, would add another 500,000 tons a year of processing capacity (Korbitz Consulting).

Ethanol processing from sugarbeets can be expanded through higher use of existing sugar refining and distilling capacity. Increasing production of ethanol from wheat will require expensive investment. Because contracts are required to receive the set-aside payment, processors' willingness to offer contracts, which depend on processing capacity and demand for the product, will be an important factor limiting how much set-aside area will be planted with industrial crops.

- **Producer profitability.** Oilseed production in the EU is not profitable without some type of producer subsidy as long as there are subsidies for production for competing crops. For grain producers, producing grain for industrial use on set-aside area could at present be attractive because the set-aside payment is currently greater than the grains area payment, but prices for industrial-use grain are very likely lower than the prevailing market price. The profitability for sugarbeet producers, who receive no additional payment, would depend on whether they can profitably produce sugarbeets at market price.

- **Cost competitiveness.** The main barrier to increased production and use of biofuels is unfavorable economics--they are substantially more costly to produce than the traditional petroleum-based fuels with which they compete. Increases in the price of rapeseed and other vegetable oils, and stable petroleum prices, have worsened the competitiveness of biodiesel. With present technology and prices, biodiesel cannot compete on a cost basis with petroleum-based diesel fuel without subsidies. Ethanol production in the EU will be disadvantaged as long as domestic prices of wheat and sugarbeets remain above those on the world market.

Import barriers (threshold prices and variable levies) continue to maintain prices of imported product well above world market levels, and impede all imports except those for the most specialized uses. Further reforms--cuts in support prices--will be required for wheat and sugarbeets to make ethanol competitive at current petroleum prices. Higher petroleum prices would help make ethanol and biodiesel competitive, even at current prices of agricultural raw materials in Europe.

- **Policies aimed at improving the economics of biofuel use.** The EU and several member countries have adopted policies to support biodiesel production and use, including the following:

- **Tax breaks for biofuel manufacturers** make biofuels more competitive with fossil fuels, despite their higher cost. The Commission has proposed a directive that, if approved, would require member states to reduce the excise tax on biofuels to no more than 10 percent of the rate applied to the equivalent fossil fuel. Because taxes on petroleum products tend to be quite high in most EU countries, a tax reduction of this magnitude could go a long way toward increasing the competitiveness of biofuels.
- The EU has proposed to raise biofuels' market share to 5 percent of total motor vehicle fuel consumption by motor vehicles in 2005. Under the Altener program, the EU intends to develop production of biodiesel and ethanol from agricultural feedstocks. The program includes a proposed EU subsidy of up to 30 percent of capital and operating costs for 10 pilot production plants for production of biodiesel.
- **Research and development assistance.** The EU funds R&D for commercialization of non-food industrial uses of agricultural materials. Individual member countries also provide assistance in terms of developing improved varieties, developing new uses for existing agricultural products, and pilot projects for testing viability of biodiesel for use in fueling public transport.

U.S.-EU Oilseeds Agreement Limits Oilseed Use

Concern over competition from oilseed meal produced as a co-product from processing oilseeds for industrial use prompted the United States to seek to limit the amount of oilseeds grown on set-aside. Oilseeds for industrial use grown on set-aside land are not covered by the area limit imposed on oilseed acreage under the U.S.-EU Oilseeds ("Blair House") agreement. Protein meal produced from processing industrial oilseeds may be fed to animals, where it competes with soybean meal, most of which is imported or produced from imported soybeans. In the Blair House accord, the EU agreed to limit the set-aside area on which oilseeds are grown. The byproducts made available by the cultivation of oilseeds on set-aside land may not exceed 1 million tons of soybean meal equivalent annually. The rapid growth of industrial oilseed production in the first 2 years of the program suggests that this limit could soon be within reach, particularly if processing capacity continues to expand. The limits on oilseed area will be a limiting factor to the expansion of biodiesel produced from EU-grown oilseeds.

The Future: Ethanol or Biodiesel?

Some research (Institut National de la Recherche Agonomique) suggests that, ultimately, ethanol crops may be better suited to cultivation on set-aside than rapeseed for biodiesel. The yields required to produce a minimal farm

income are easier to obtain from wheat, and already obtainable from sugarbeets. Wheat is the crop that the greatest number of EU farmers could produce profitably. However, high costs of production and limited EU markets for ethanol will continue to make ethanol production unattractive for processors. The substantial new investments required to produce ethanol from wheat favors production of ethanol from sugarbeets, which can be processed in existing underutilized sugar distilleries. The biodiesel production process is simple, requiring more modest investment, and one that is already well underway in the EU.

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Appendix table 1: Population and employment in Western Europe, 1990-93

Country	Population				Unemployment rate 1/					Growth in the labor force 1/				
	1990	1991	1992	1993	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994
	----- millions -----				----- percent change from previous year -----									
European Union	327.8	329.4	330.4	331.6	12.8	14.3	16.0	17.4	18.6	1.1	0.6	-0.1	-0.7	0.3
Belgium	9.8	9.8	9.8	9.8	8.7	9.3	10.3	11.9	12.8	0.8	0.7	0.6	0.6	0.3
Denmark	5.1	5.2	5.2	5.2	9.6	10.5	11.2	12.2	11	-0.7	-0.7	0.7	0.6	-0.2
France	56.7	57.1	57.2	57.6	8.9	9.5	10.4	11.7	12.3	0.5	0.8	0.3	0.2	0.3
West Germany	63.2	64.1	64.7	65.2	6.2	6.7	7.7	8.9	10	2.1	2	-0.6	-0.6	-0.5
Greece	10.1	10.1	10.1	10.1	7.0	7.7	8.7	9.8	10.7	0.8	-1.7	2.6	0.5	0.3
Ireland	3.5	3.5	3.5	3.6	13.9	15.6	16.3	16.6	15.7	1.7	2.4	1.4	1.4	0.9
Italy	57.7	57.2	57.2	57.2	11.5	11.0	11.6	10.4	11.7	1.1	0.4	0	-6.1	-0.2
Luxembourg	0.4	0.4	0.4	0.4	1.3	1.4	1.6	2.1	2.7	1.5	1.6	0.4	0.1	0.2
Netherlands	14.9	15.1	15.2	15.2	7.5	7.0	6.7	8.1	9.8	2.4	2	1.7	2.3	1.4
Portugal	9.9	10.6	10.6	10.6	4.7	4.1	4.2	5.5	6.4	1.8	2.4	-6.4	-0.6	0.2
Spain	39.0	39.0	39.1	39.3	16.3	16.3	18.4	22.7	24.5	1.4	0.4	0.5	1.1	1.2
United Kingdom	57.4	57.4	57.4	57.5	5.9	8.3	10.0	10.3	9.6	0.1	-0.6	-0.9	-0.9	0.3
EFTA 2/														
Austria	7.8	7.8	7.9	8.0	3.2	3.5	3.6	4.2	4.5	2.2	2	2.2	-0.1	0.4
Finland	5.0	5.0	5.0	5.0	3.5	7.6	13.1	17.9	18.5	-0.1	-0.9	-1.2	-0.7	-0.1
Iceland	0.3	0.3	0.3	0.3	1.8	1.4	3.0	4.3	6	0	6.1	-5.1	0.2	-0.2
Norway	4.2	4.3	4.3	4.3	5.2	5.5	5.9	6	5.6	-0.6	-0.7	0.2	0	0.6
Sweden	8.6	8.6	8.7	8.7	1.7	2.9	5.3	8.2	8	1.1	-0.5	-1.8	-2.3	-0.9
Switzerland	6.7	6.8	6.9	6.9	0.5	1.1	2.5	4.5	4.5	1.3	0.5	-0.8	-0.8	-0.5
United States	249.9	252.7	255.8	258.4	5.5	6.7	7.4	6.8	6.3	0.8	0.4	1.3	0.8	2.6

1/ Data for 1994 are projections.

2/ European Free Trade Association. Liechtenstein not available.

Note: Data do not include east Germany.

Source: OECD and IMF for population.

Appendix table 2: Nominal GDP, real GDP growth, and consumer price indices for Western Europe, 1990-94

Country	Nominal GDP					Real GDP					Consumer price index				
	1990	1991	1992	1993	1994	1990	1991	1992	1993	1994 1/	1990	1991	1992	1993	1994 1/
	--- billion U.S. dollars ---					----- percent change from previous year -----									
European Union 1/	6173.4	6393.6	6995.2	6383.3	6563.6	2.4	0.8	1.0	-0.5	1.7	5.2	4.8	4.1	3.5	3.0
Belgium	192	196	219	207	211	3.4	1.7	1.4	-1.3	0.1	3.4	3.2	2.4	2.8	2.4
Denmark	130	130	143	136	144	2.0	1.3	1.3	0.1	3.6	2.6	2.4	2.1	1.3	2.5
France	1,195	1,199	1,322	1,253	1,292	2.5	0.8	1.2	-0.9	1.9	3.5	3.2	2.4	2.1	1.7
West Germany	1,640	1,700	1,936	1,876	1,939	2.9	1.5	1.7	-1.3	1.5	2.7	3.5	4.0	4.7	3.0
Greece	66	70	79	75	74	-0.1	1.8	1.0	0.3	0.9	20.4	18.9	15.8	14.6	12.3
Ireland	43	45	51	47	51	8.3	2.9	5.0	4.0	5.0	3.3	3.2	3.1	1.4	1.9
Italy	1,095	1,153	1,221	992	1,016	2.1	1.2	0.7	-0.7	1.5	6.5	6.3	5.2	4.4	4.0
Netherlands	284	290	320	306	310	3.9	2.1	1.4	0.1	1.0	2.5	3.9	3.7	2.1	1.8
Portugal	60	69	84	75	71	4.2	2.3	1.4	-0.4	1.6	13.4	11.4	8.9	6.4	5.7
Spain	492	529	576	476	459	3.7	2.1	0.8	-1.1	0.4	6.7	5.9	5.9	4.7	4.2
United Kingdom	977	1,012	1,045	941	996	0.6	-2.2	-0.6	2.0	2.8	9.5	5.9	3.7	1.6	2.6
EFTA 2/	857	867	897	789	831	2.1	-0.5	-0.2	-0.7	1.6	6.3	5.8	3.2	3.4	2.2
Austria	158	166	185	181	189	4.6	2.8	1.6	-0.3	2.0	3.3	3.3	4.1	3.6	2.8
Finland	138	125	109	85	91	0.3	-6.4	-3.6	-2.6	1.5	6.1	4.2	2.6	2.0	2.1
Norway	106	106	113	103	106	1.6	1.5	3.3	2.5	3.3	4.1	3.4	2.3	2.3	1.6
Sweden	230	239	247	186	192	1.4	-1.1	-1.9	-2.1	1.8	10.5	9.3	2.3	4.6	2.2
Switzerland	226	231	242	234	254	2.3	0.0	-0.1	-0.6	0.6	5.4	5.8	4.0	3.3	2.0
Western Europe	7,031	7,261	7,892	7,172	7,395	2.4	0.7	0.9	-0.5	1.7	5.4	4.9	4.0	3.5	2.9
United States	5,522	5,725	6,020	6,343	6,712	0.8	-0.6	2.3	3.1	3.6	5.4	4.2	3.0	3.0	2.7

1/ Luxembourg not available.

2/ European Free Trade Association. Iceland and Liechtenstein not available.

Note: Data do not include east Germany.

Source: DRI World Markets Country Summaries.

Appendix table 3: European Union exchange rates vs. the European Currency Unit, 1981-93 1/

Country	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
-----National currency per ECU-----													
EU													
Bel/Lux	41.30	44.68	45.43	45.44	44.91	43.80	43.04	43.43	43.38	42.42	42.22	41.60	40.47
Denmark	7.92	8.15	8.13	8.15	8.02	7.94	7.88	7.95	8.05	7.86	7.91	7.81	7.59
France	6.04	6.43	6.77	6.87	6.80	6.80	6.93	7.04	7.02	6.91	6.97	6.85	6.63
Germany 2/	2.51	2.38	2.27	2.24	2.23	2.13	2.07	2.07	2.07	2.05	2.05	2.02	1.94
Greece	61.62	65.30	78.09	88.44	105.66	137.41	156.19	167.56	178.88	201.43	225.22	246.60	267.99
Ireland	0.69	0.69	0.71	0.73	0.72	0.73	0.78	0.78	0.78	0.77	0.77	0.76	0.80
Italy	1,263.10	1,323.60	1,349.70	1,376.00	1,430.65	1,462.06	1,494.66	1,537.27	1,510.67	1,521.90	1,533.30	1,587.50	1,841.60
Netherlands	2.78	2.62	2.54	2.52	2.51	2.40	2.33	2.33	2.33	2.32	2.31	2.27	2.17
Portugal	68.49	78.01	98.69	115.67	130.26	147.02	162.49	169.19	173.32	181.43	178.83	174.44	187.80
Spain	102.68	107.56	127.50	126.57	129.17	137.46	142.17	137.61	130.41	129.42	128.47	139.92	149.12
U.K.	0.55	0.56	0.59	0.59	0.59	0.67	0.71	0.66	0.67	0.71	0.70	0.74	0.78
United States	1.12	0.98	0.89	0.79	0.76	0.98	1.15	1.18	1.10	1.27	1.24	1.30	1.17

1/ All exchange rates are period averages. Reflect market rates, rather than central rates within the European Monetary System.

2/ Includes the former east Germany from 1991.

Sources: International Monetary Fund. International Financial Statistics; and EUROSTAT External Trade for Spain and Portugal.

Appendix table 4: Exchange rates for Western European currencies, 1981-93 1/

Country	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
EU 2/	0.89	1.02	1.12	1.27	1.31	1.02	0.87	0.84	0.91	0.79	0.81	0.77	0.85
Bel/Lux	37.13	45.69	51.13	57.78	59.38	44.67	37.33	36.77	39.40	33.42	34.15	32.15	34.60
Denmark	7.12	8.33	9.15	10.36	10.60	8.09	6.84	6.73	7.31	6.19	6.40	6.04	6.48
France	5.43	6.57	7.62	8.74	8.99	6.93	6.01	5.96	6.38	5.45	5.64	5.29	5.66
Germany 3/	2.26	2.43	2.55	2.85	2.94	2.17	1.80	1.76	1.88	1.62	1.66	1.56	1.65
Greece	55.41	66.80	88.06	112.72	138.12	139.98	135.43	141.86	162.42	158.51	182.27	190.62	229.25
Ireland	0.62	0.70	0.80	0.92	0.94	0.75	0.67	0.66	0.71	0.60	0.62	0.59	0.68
Italy	1,136.80	1,352.50	1,518.80	1,757.00	1,909.40	1,490.81	1,296.07	1,301.63	1,372.09	1,198.10	1,240.60	1,232.40	1,573.70
Netherlands	2.50	2.67	2.85	3.21	3.32	2.45	2.03	1.98	2.12	1.82	1.87	1.76	1.86
Portugal	60.55	79.47	110.78	146.39	170.40	149.59	140.88	143.95	157.46	142.55	144.48	135.00	160.80
Spain	92.32	109.86	143.43	160.76	170.04	140.05	123.48	116.49	118.38	101.93	103.91	102.38	127.26
United Kingdom	0.49	0.57	0.66	0.75	0.77	0.68	0.61	0.56	0.61	0.56	0.57	0.57	0.67
Austria	15.93	17.06	17.96	20.01	20.69	15.27	12.64	12.35	13.23	11.37	11.68	10.99	11.63
Finland	4.32	4.82	5.57	6.01	6.20	5.07	4.40	4.18	4.29	3.82	4.04	4.48	5.71
Iceland	7.22	12.35	24.84	31.69	41.51	41.10	38.68	43.01	57.04	58.28	59.00	57.55	67.60
Norway	5.74	6.45	7.30	8.16	8.60	7.39	6.74	6.52	6.90	6.26	6.48	6.21	7.09
Sweden	5.06	6.28	7.67	8.27	8.60	7.12	6.34	6.13	6.45	5.92	6.05	5.82	7.78
Switzerland	1.96	2.03	2.10	2.35	2.46	1.80	1.49	1.46	1.64	1.39	1.43	1.41	1.48

1/ All exchange rates are period averages.

2/ Represents number of European Currency Units equal to 1 U.S. dollar.

3/ Includes the former East Germany from 1991.

Source: International Monetary Fund. International Financial Statistics.

Appendix table 5: Comparison of PSEs and CSEs for various commodities in the EU, USA, and EFTA Countries

Commodity			Austria	Finland	Norway	Sweden	Switzerland	EU	USA
			(in percent terms)						
All Products	PSE	1991	53	71	77	64	78	48	21
		1992	55	67	77	58	75	47	21
		1993	56	67	76	52	77	48	23
	CSE	1991	-52	-72	-64	-65	-59	-42	-11
		1992	-51	-66	-63	-55	-54	-39	-11
		1993	-53	-66	-60	-45	-56	-39	-12
Wheat	PSE	1991	71	83	84	82	78	62	54
		1992	68	73	77	56	80	48	36
		1993	55	67	74	39	79	57	51
	CSE	1991	-66	-82	-72	-103	-59	-54	-25
		1992	-61	-75	-52	-79	-57	-38	-15
		1993	-53	-64	-66	-68	-56	-38	-26
Coarse grains	PSE	1991	48	83	76	59	87	56	18
		1992	63	69	79	61	81	54	22
		1993	54	73	77	40	80	62	26
	CSE	1991	-50	-82	-69	-46	-65	-51	--
		1992	-61	-70	-68	-52	-58	-46	--
		1993	-54	-69	-66	-30	-59	-47	--
Oilseeds	PSE	1991	n.c.	142	n.c.	67	97	66	8
		1992	n.c.	80	n.c.	71	94	66	7
		1993	n.c.	94	n.c.	52	92	63	8
	CSE	1991	0	-47	-12	-82	-70	--	--
		1992	0	-44	-11	-70	-68	--	--
		1993	0	-46	-10	-34	-72	--	--
Milk	PSE	1991	65	75	83	76	83	66	55
		1992	67	76	83	69	82	64	53
		1993	67	75	82	66	81	61	53
	CSE	1991	-64	-76	-68	-72	-45	-55	-50
		1992	-63	-75	-69	-65	-40	-53	-48
		1993	-64	-77	-64	-59	-38	-51	-48
Beef and veal	PSE	1991	54	65	72	56	78	53	7
		1992	58	68	74	59	77	57	6
		1993	59	61	73	52	81	60	9
	CSE	1991	-50	-67	-61	-52	-67	-46	-2
		1992	-52	-64	-63	-52	-65	-50	-1
		1993	-53	-55	-59	-41	-68	-53	-5
Poultry	PSE	1991	46	43	53	31	82	16	8
		1992	49	44	50	25	83	20	7
		1993	45	37	59	28	85	20	6
	CSE	1991	-49	-63	-80	-39	-72	-27	-1
		1992	-51	-54	-79	-37	-72	-28	-1
		1993	-46	-48	-79	-29	-75	-27	-1
Pigmeat	PSE	1991	31	48	58	33	58	8	4
		1992	25	43	50	27	45	7	4
		1993	37	46	60	36	58	8	4
	CSE	1991	-40	-65	-70	-42	-71	-25	1
		1992	-32	-53	-63	-33	-59	-19	1
		1993	-47	-59	-69	-37	-72	-24	1
Sheepmeat	PSE	1991	13	77	92	50	84	72	5
		1992	12	76	90	45	82	72	5
		1993	12	68	81	17	77	58	5
	CSE	1991	-13	-68	-59	-37	-68	-56	-1
		1992	-12	-59	-56	-26	-63	-53	-1
		1993	-12	-49	-30	8	-54	-30	--

Figures for 1992 are estimated; 1993 are provisional; n.c. = not calculated; -- = none or not available.

Source: Agricultural Policies, Markets and Trade: Monitoring and Outlook, 1993. OECD.

Appendix table 6: Agricultural conversion (green) rates for selected commodities, 1990/91-1994/95 1/ 2/

Commodity	Belgium			United							
	Luxembourg	Denmark	France	Ireland	Italy	Netherland	Kingdom	German	Greece	Spain	Portugal
----- National currency per ECU -----											
Cereals											
1990/91	48.481	8.9660	7.8834	0.8774	1,758.72	2.6609	0.7585	2.3736	224.72	154.21	208.19
1991/92	48.556	8.9799	7.8956	0.8788	1,761.45	2.6526	0.7954	2.3542	252.12	153.50	208.68
1992/93	48.556	8.9799	7.8956	0.9136	1,997.33	2.6526	0.8923	2.3542	297.38	161.50	209.91
1993/94	49.091	9.3011	7.9715	0.9764	2,232.04	2.6526	0.9228	2.3542	328.94	190.66	236.07
1994/95	49.307	9.3481	7.9819	0.9764	2,294.57	2.6526	0.9466	2.3542	346.79	192.32	239.33
Rapeseed											
1990/91	48.481	8.9660	7.8834	0.8774	1,758.72	2.6485	0.7585	2.3505	221.35	152.90	208.19
1991/92	48.556	8.9799	7.8956	0.8788	1,761.45	2.6526	0.7954	2.3542	252.12	150.83	208.68
1992/93	48.556	8.9799	7.8956	0.9136	1,997.33	2.6526	0.8923	2.3542	297.38	161.50	209.91
1993/94	49.091	9.3011	7.9715	0.9764	2,232.04	2.6526	0.9228	2.3542	328.94	190.66	236.07
1994/95	49.307	9.3481	7.9819	0.9764	2,294.57	2.6526	0.9466	2.3542	346.79	192.32	239.33
Sunflowerseed											
1990/91	48.504	8.9744	7.8871	0.8778	1,759.55	2.6497	0.7649	2.3516	221.82	152.90	208.33
1991/92	48.556	8.9799	7.8956	0.8788	1,761.45	2.6526	0.7954	2.3542	252.12	150.83	208.68
1992/93	48.556	8.9799	7.8956	0.9136	1,997.33	2.6526	0.8923	2.3542	297.38	161.50	209.91
1993/94	49.091	9.3011	7.9715	0.9764	2,232.04	2.6526	0.9228	2.3542	328.94	190.66	236.07
1994/95	49.307	9.3481	7.9819	0.9764	2,294.57	2.6526	0.9466	2.3542	346.79	192.32	239.33
Soybean											
1990/91	48.527	8.9744	7.8908	0.8782	1,760.38	2.6510	0.7713	2.3528	222.30	152.90	208.48
1991/92	48.556	8.9799	7.8956	0.8788	1,761.45	2.6526	0.7954	2.3542	252.12	150.83	208.68
1992/93	48.556	8.9799	7.8956	0.9136	1,997.33	2.6526	0.8923	2.3542	297.38	161.50	209.91
1993/94	49.091	9.3011	7.9715	0.9764	2,232.04	2.6526	0.9228	2.3542	328.94	190.66	236.07
1994/95	49.307	9.3481	7.9819	0.9764	2,294.57	2.6526	0.9466	2.3542	346.79	192.32	239.33
Beef and veal											
1990/91	48.455	8.9612	7.8792	0.8769	1,757.77	2.6477	0.7513	2.3493	207.45	155.79	206.90
1991/92	48.556	8.9799	7.8956	0.8788	1,761.45	2.6526	0.7954	2.3542	252.12	154.14	208.68
1992/93	48.556	8.9799	7.8956	0.9109	1,979.42	2.6526	0.8850	2.3542	302.34	160.70	209.72
1993/94	48.904	9.2116	7.9500	0.9717	2,220.90	2.6526	0.9341	2.3542	324.04	186.13	231.28
1994/95	49.307	9.3481	7.9819	0.9764	2,294.57	2.6526	0.9466	2.3542	346.79	192.32	239.33
Pork											
1990/91	48.466	8.9631	7.8834	0.8771	1,758.15	2.6476	0.7987	2.3498	238.96	146.54	206.55
1991/92	48.556	8.9799	7.8956	0.8788	1,761.45	2.6526	0.7954	2.3542	257.90	145.76	205.19
1992/93	48.556	8.9799	7.8956	0.9136	2,038.05	2.6526	0.9173	2.3542	302.61	162.49	207.53
1993/94	49.091	9.3011	7.9715	0.9764	2,232.04	2.6526	0.9228	2.3542	328.94	190.66	236.07
1994/95	49.307	9.3481	7.9819	0.9764	2,294.57	2.6526	0.9466	2.3542	346.79	192.32	239.33
Sheep and goat											
1990/91	48.351	8.9419	7.7081	0.8579	1,711.13	2.6413	0.7022	2.3514	212.40	153.18	199.81
1991/92	48.556	8.9799	7.8956	0.8788	1,761.45	2.6526	0.7954	2.3542	252.12	150.83	208.68
1992/93	48.556	8.9799	7.8956	0.8788	1,773.90	2.6526	0.8090	2.3542	265.32	151.52	206.67
1993/94	48.719	9.1208	7.9287	0.9598	2,193.26	2.6526	0.9443	2.3542	318.28	179.71	224.75
1994/95	49.307	9.3481	7.9819	0.9764	2,294.57	2.6526	0.9466	2.3542	346.79	192.32	239.33
Milk and milk products											
1990/91	48.455	8.9612	7.8792	0.8769	1,757.77	2.6470	0.7513	2.3493	207.45	154.79	206.90
1991/92	48.556	8.9799	7.8956	0.8788	1,761.45	2.6526	0.7954	2.3542	252.12	154.14	208.68
1992/93	48.556	8.9799	7.8956	0.9109	1,979.42	2.6526	0.8850	2.3542	302.34	160.70	209.72
1993/94	48.904	9.2116	7.9500	0.9717	2,220.90	2.6526	0.9341	2.3542	324.04	186.13	231.28
1994/95	49.307	9.3481	7.9819	0.9764	2,294.57	2.6526	0.9466	2.3542	346.79	192.32	239.33

1/ Marketing year averages. Green rates are modified during the year based on currency fluctuations.

As of January 1, 1993, a single green rate applies for all commodities. Differences among 1993/94 green rates result from differences in marketing years.

2/ The 1994/95 green rates are those in force during August 1994 (period 1).

Source: CAP Monitor; Agra Europe; and the Official Journal of the European Union, various issues. For green rates from earlier years, see Herlihy, Michael, et al. Agricultural Statistics of the EC, 1960-85. SB-770, USDA, ERS. Dec. 1988.

Appendix table 7: EU agricultural spending by commodity and economic type

	1985 1/	1986 1/	1987 2/	1988 3/	1989 4/	1990 4/	1991 4/	1992 4/	1993 5/	1994 6/
	Million ECU									
Grains 7/	2,361	3,486	4,237	4,337	3,262	3,885	5,189	5,544	6,370	8,744
Export refunds	1,113	1,804	3,166	2,986	2,642	2,473	3,679	3,231	3,042	1,906
Intervention	1,248	1,682	1,071	1,352	619	1,412	1,510	2,313	3,328	6,838
Sugar	1,805	1,726	2,036	2,082	1,980	1,389	1,815	1,937	2,091	2,099
Export refunds	1,353	1,238	1,516	1,566	1,451	926	1,251	1,306	1,383	1,399
Intervention	452	487	520	516	529	462	564	632	708	700
Oils and fats	1,803	2,632	3,827	3,917	4,138	4,645	5,424	5,886	5,307	4,581
Export refunds	23	32	87	89	99	136	112	48	101	107
Intervention	1,780	2,600	3,739	3,828	4,039	4,509	5,312	5,838	5,206	4,474
Dairy	5,933	5,406	5,013	5,915	4,987	4,956	5,637	4,007	5,222	4,244
Export refunds	2,028	2,155	2,258	3,014	2,869	1,931	2,249	2,056	2,128	1,992
Intervention	3,905	3,251	2,755	2,901	2,118	3,025	3,388	1,951	3,094	2,252
Meat, poultry, and eggs	3,477	4,348	3,033	4,179	4,376	4,711	6,507	6,504	7,126	6,900
Export refunds	1,505	1,387	1,141	1,135	1,776	1,463	1,651	1,537	1,566	1,201
Intervention	1,972	2,961	1,892	3,044	2,600	3,248	4,856	4,967	5,560	5,699
Fruit and vegetables	1,231	986	967	708	1,019	1,253	1,107	1,262	1,743	1,722
Export refunds	75	77	67	65	79	81	95	117	128	127
Intervention	1,156	909	900	644	940	1,172	1,012	1,145	1,615	1,595
Other products 8/	2,908	3,014	3,150	4,364	4,190	4,012	4,657	4,988	5,903	5,411
Export refunds	491	546	654	689	659	628	825	836	897	698
Intervention	2,417	2,468	2,496	3,675	3,531	3,384	3,832	4,152	5,006	4,713
Total market organization	19,517	21,598	22,262	25,503	23,951	24,850	30,334	30,128	33,762	33,701
Monetary support	190	482	655	570	364	308	159	29	137	1
Other compensation	136	114	259	346	314	292	855	848	1,328	1,575
Depreciation of stocks	--	--	--	1,240	1,443	1,361	797	--	--	--
Set-Aside	--	--	--	--	3	21	77	286	430	1,673
Clearance of accounts	-99	-55	-208	29	-203	-378	-438	79	-365	-500
Carryover from previous year							602	--	--	--
Guarantee Section, total	19,744	22,138	22,968	27,687	25,873	26,454	32,386	31,369	35,292	36,450
Guidance Section, total 9/	720	774	909	1,203	1,434	1,974	2,306	2,983	3,384	3,762
Total agricultural spending	20,464	22,912	23,877	28,890	27,307	28,428	34,692	34,353	38,676	40,212
Exchange rate (\$/ECU) 10/	0.7631	0.9837	1.1544	1.1840	1.1017	1.2730	1.2405	1.2820	1.1723	1.1433
Total agricultural spending (million \$)	15,616	22,538	27,804	34,128	30,084	36,189	43,035	44,040	45,340	45,974

Totals may not add in some cases due to rounding.

1/ Charged against budget based on calendar year.

2/ Charged against 1987 budget (Jan. 1, 1987 to Oct. 31, 1987); remainder of year budgeted against 1988.

3/ Charged against 1988 budget (Nov. 1, 1987 to Oct. 15, 1988); remainder of year budgeted against 1989.

4/ Charged against budget based on fiscal year. For example, 1989 budget refers to period from Oct. 16, 1988 to Oct. 15, 1989.

5/ Budget appropriations for 1993. Last revision from OJ L34, February 7, 1994.

6/ Budget appropriations for 1994 from OJ L34, Feb. 7, 1994. Adjustments for 1994/95 price package not included.

7/ Includes rice.

8/ Includes protein crops, textile crops, hops and seeds, wine, tobacco, fisheries, and refunds for non-Annex II products.

9/ Supports development of agricultural marketing structures.

10/ 1994 exchange rate is average for January to June.

Source: European Union. See table 2.1 for further breakdown of budgetary spending.

Appendix table 8: European Union agricultural policy prices, 1990/91-1994/95 1/

Product	Type of price	1990/91	1991/92	1992/93	1993/94	1994/95
Common wheat	target	234.22	233.26	226.47	128.32	118.45
	intervention (bread)	168.55	168.55	163.49	115.48	106.60
	intervention (bread), Portugal	--	210.80	--	--	--
	intervention (feed)	160.13	160.13	155.33	--	--
	intervention (feed), Portugal	--	200.26	--	--	--
	threshold	229.85	228.67	221.68	172.74	162.87
Durum wheat	target	287.38	277.21	269.10	128.32	118.45
	intervention	235.96	227.70	220.87	115.48	106.60
	intervention, Spain	--	216.48	--	--	--
	aid/ha	171.14	181.88	181.88	297.00	297.00
	aid/ha, Spain	--	146.34	--	--	--
	threshold	283.01	272.62	264.31	172.74	162.87
Barley	target	213.29	212.33	206.16	128.32	118.45
	intervention	160.13	160.13	155.33	115.48	106.60
	threshold	208.92	207.42	201.37	172.74	162.87
Corn	target	213.29	212.33	206.16	128.32	118.45
	intervention	168.55	168.55	163.49	115.48	106.60
	threshold	208.92	207.42	201.37	172.74	162.87
Sorghum	target	213.29	212.33	206.16	128.32	118.45
	intervention	160.13	160.33	155.33	115.48	106.60
	threshold	208.92	207.42	201.37	172.74	162.87
Rye	target	213.29	212.33	206.16	128.32	118.45
	intervention	160.13	160.13	155.33	115.48	106.60
	threshold	208.92	207.42	201.37	172.74	162.87
Rice	target (husked)	546.13	546.13	545.52	537.54	530.60
	intervention (paddy)	313.65	313.65	313.65	313.65	309.60
	intervention (paddy), Portugal	--	338.39	332.21	--	--
	threshold (husked)	540.05	NA	NA	NA	NA
Sugar beet	basic	40.00	40.00	40.00	40.00	39.48
	basic price, Spain	47.09	46.84	41.82	40.00	39.48
	basic price, Portugal	42.83	42.83	41.57	40.00	39.48
	'A' quota	39.20	39.20	39.20	39.20	38.69
	'A' quota, Spain	46.29	46.04	41.02	39.20	38.69
	'A' quota, Portugal	42.03	42.03	39.20	39.20	38.69
	'B' quota	27.20	24.20	24.20	27.20	26.85
	'B' quota, Spain	34.04	31.04	29.02	27.20	26.85
	'B' quota, Portugal	30.03	27.03	24.20	27.20	26.85
Raw sugar	intervention	439.40	439.40	439.40	439.40	433.70
	threshold	550.60	546.00	546.00	546.00	539.90
White sugar	target	558.90	557.90	557.90	557.90	551.70
	intervention	530.10	530.10	530.10	530.10	523.30
	intervention, Spain	--	612.90	595.70	544.10	537.30
	intervention, Portugal	--	533.50	542.22	542.20	535.40
	intervention, Italy	549.50	549.50	530.10	549.50	532.70
	intervention, UK/Ireland	542.20	542.20	530.10	542.20	535.40
	threshold	644.00	639.00	639.00	639.00	631.80
Rapeseed	target	379.70	442.70	--	--	--
	target, Spain	420.30	419.70	--	--	--
	intervention	406.90	400.80	--	--	--
	intervention, Spain	377.80	377.80	--	--	--
	adjusted intervention	337.00	321.00	--	--	--
Sunflower	target	582.50	573.80	--	--	--
	target, Spain	497.10	506.50	--	--	--
	intervention	533.80	525.80	--	--	--
	intervention, Spain	448.40	458.50	--	--	--
	adjusted intervention	411.00	440.00	--	--	--

Continued--

Appendix table 8: European Union agricultural policy prices, 1990/91-1994/95 1/

Product	Type of price	1990/91	1991/92	1992/93	1993/94	1994/95
Soybeans	guide	557.50	549.10	--	--	--
	guide, Spain	476.20	485.10	--	--	--
	minimum	488.60	481.30	--	--	--
	minimum, Spain	407.30	417.30	--	--	--
	adjusted intervention	321.00	371.00	--	--	--
Olive oil	production target	3,220.10	3,220.10	3,211.60	3,211.60	3,178.20
	intervention	2,158.70	2,158.70	2,018.40	1,968.40	1,624.00
	intervention, Spain	1,751.20	1,853.10	2,018.40	1,968.40	--
	intervention, Portugal	2,075.80	2,096.50	1,979.60	1,949.40	--
	production aid	708.30	708.30	841.10	891.10	1,177.60
	production aid, Spain	395.60	458.50	554.20	666.50	1,068.40
	production aid, Portugal	354.20	425.30	529.30	649.90	--
Dried fodder	guide	178.61	178.61	178.61	178.61	176.29
	guide, Spain	169.99	174.30	--	--	--
Peas and beans	activating	446.80	440.10	440.10	--	--
	guide	294.70	290.30	290.30	--	--
	peas, minimum	257.30	253.40	253.40	--	--
	adjusted minimum	198.30	211.59	210.00	--	--
	beans, minimum	238.30	234.70	234.70	--	--
	adjusted minimum	179.30	195.97	210.00	--	--
Lupins	activating	429.80	423.40	423.40	--	--
	minimum	288.50	284.20	284.20	--	--
	adjusted minimum	229.50	NA	256.90	--	--
Dairy	milk target	268.10	268.10	268.10	260.60	255.00
	butter intervention	2,927.80	2,927.80	2,927.80	2,803.00	2,715.00
	butter intervention, Portugal	--	2,927.80	2,927.80	--	--
	butter intervention, Spain	--	3,024.90	2,927.80	--	--
	SMP intervention	1,724.30	1,724.30	1,724.30	1,702.00	1,702.00
	SMP intervention, Spain	--	2,026.70	1,724.30	--	--
	SMP intervention, Portugal	--	2,100.00	2,070.00	--	--
Beef and veal	adult cattle					
	- guide (liveweight)	2,000.00	2,000.00	2,000.00	2,000.00	1,974.20
	- intervention (carcass weight)	3,430.00	3,430.00	3,430.00	3,216.00	3,047.00
Sheepmeat	basic (slaughter wt.)	4,323.20	4,229.50	4,229.50	4,185.30	4,174.50
	adjusted basic (GB)	4,013.69	3,979.96	3,933.40	3,892.32	4,174.50
	adjusted basic (EC-11)	4,013.69	3,933.44	--	--	--
Pigmeat	basic (slaughter wt.)	1,900.00	1,897.00	1,897.00	1,897.00	1,300.00
Cotton	guide	958.60	958.60	1,027.90	1,027.90	1,014.60
	minimum	910.70	910.70	976.50	976.50	963.90
Table wine	guide					
	RI (ECU/degree hl)	3.21	3.21	3.21	3.21	3.17
	RI, Spain	2.81	3.01	3.21	3.21	3.17
	RII (ECU/degree hl)	3.21	3.21	3.21	3.21	3.17
	RII, Spain	2.81	3.01	3.21	3.21	3.17
	RIII (ECU/hl)	52.14	52.14	52.14	52.14	51.47
	RIII, Spain	45.48	48.81	52.14	52.14	51.47
	AI (ECU/degree hl)	3.21	3.21	3.21	3.21	3.17
	AI, Spain	2.81	3.01	3.21	3.21	3.17
	AII (ECU/hl)	69.48	69.48	69.48	69.48	68.58
	AII, Spain	60.59	65.04	69.48	69.48	68.58
	AIII (ECU/hl)	79.35	79.35	79.35	79.35	78.32
	AIII, Spain	69.20	74.28	79.35	79.35	78.32

NA = not available

1/ 1993/94 target and intervention prices for grains apply from July 1, 1993 intervention prices apply from November 1, 1993.

Source: European Commission.

Appendix table 9: Total EU imports of non-grain feeds, 1983-1993

Product	Total imports										
	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
	---Million tons---										
Soybean meal	9.834	8.873	10.442	10.895	10.341	9.352	8.882	10.141	10.457	10.794	11.177
Rapeseed meal	0.306	0.364	0.285	0.836	0.446	0.337	0.488	0.483	0.668	0.946	1.008
Sunflower meal	0.972	0.712	1.126	1.282	0.941	1.034	1.179	1.333	1.517	1.538	1.172
Cottonseed meal	0.640	0.426	0.587	0.748	0.559	0.798	0.896	0.558	0.564	0.748	0.700
Linseed meal	0.572	0.501	0.438	0.381	0.482	0.469	0.401	0.421	0.382	0.362	0.207
Copra meal	0.878	0.604	0.825	1.237	1.201	1.062	0.789	1.075	1.077	0.886	0.856
Palm kernel meal	0.651	0.608	0.908	0.993	1.028	1.070	1.208	1.449	1.437	1.606	1.450
Groundnut meal	0.367	0.154	0.132	0.205	0.248	0.406	0.409	0.342	0.306	0.285	0.187
Fish meal	0.619	0.608	0.841	0.919	0.885	0.754	0.931	0.939	0.734	0.765	0.800
Other oil meal	0.883	0.808	0.530	0.436	0.606	0.571	0.794	0.698	0.507	0.603	0.700
Corn gluten feed	3.566	3.734	3.542	4.097	4.707	4.737	4.666	5.602	5.316	6.290	5.800
Corn germ meal	1.302	1.036	0.958	1.440	2.393	2.462	1.869	1.726	1.067	1.175	0.810
Feed peas	0.094	0.104	0.115	0.227	0.628	0.461	0.305	0.233	0.370	0.801	0.778
Feed beans	0.055	0.074	0.108	0.140	0.214	0.232	0.302	0.388	0.451	0.367	0.315
Lupines	0.075	0.152	0.200	0.204	0.320	0.154	0.168	0.111	0.173	0.190	0.232
Total protein-rich feeds	20.814	18.758	21.037	24.040	24.999	23.899	23.287	25.499	25.026	27.356	26.192
Tapioca	7.729	5.257	6.336	5.822	6.986	7.024	6.615	5.803	6.027	6.740	6.600
Sweet potatoes	0.142	0.101	0.351	0.602	0.607	0.532	0.306	0.203	0.813	0.599	0.387
Distillers dried grains	0.498	0.416	0.436	0.633	0.853	0.743	0.695	0.904	0.962	1.197	0.856
Citrus pellets	1.430	1.322	1.467	1.237	1.652	1.553	1.587	1.856	1.592	1.633	1.941
Beet pulp	0.550	0.431	0.498	0.357	0.553	0.912	0.562	0.853	1.228	1.095	0.796
Molasses	2.839	2.981	2.984	3.507	3.467	3.293	3.075	3.354	3.256	3.600	3.082
Wheat bran	1.679	1.001	0.887	0.665	0.224	0.121	0.098	0.086	0.094	0.028	0.065
Alfalfa	0.224	0.184	0.081	0.162	0.129	0.074	0.065	0.067	0.082	0.111	0.013
Fruit residue	0.157	0.095	0.106	0.207	0.347	0.508	0.316	0.365	0.502	0.699	0.870
Total starch-rich foods	15.248	11.788	13.146	13.192	14.818	14.760	13.319	13.491	14.556	15.702	14.610
Total non-grain feeds	36.062	30.546	34.183	37.232	39.817	38.659	36.606	38.990	39.582	43.058	40.802

Note: EC-10 prior to 1986.

Source: Toepfer International, Grain and Feed Stuffs Market Statistics.

The sources relied upon by Toepfer in this publication are: FAO, Oilworld (Hamburg), Eurostat, German Statistical Office, USDA, ZMP (Bonn).

Appendix table 10: Supply and use of wheat in Europe, 1992-94 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 ha	Tons/ha	-----1,000 tons-----							
European Community										
Belgium-Luxembourg										
1992	216	6.87	1,484	290	2,485	1,600	640	1,760	2,400	259
1993	212	6.97	1,477	259	2,700	1,700	770	1,830	2,600	136
1994	220	6.82	1,500	136	3,000	1,650	800	1,820	2,620	366
Denmark										
1992	581	6.17	3,583	439	299	809	1,925	575	2,500	1,012
1993	622	6.99	4,350	1,012	325	1,300	2,400	575	2,975	1,412
1994	610	7.05	4,300	1,412	300	1,300	2,500	500	3,000	1,712
France										
1992	5,124	6.40	32,777	8,288	461	20,005	5,965	6,506	12,471	9,050
1993	4,600	6.44	29,630	9,050	570	18,500	8,000	6,700	14,700	6,050
1994	4,700	6.49	30,500	6,050	425	18,500	7,200	6,700	13,900	4,575
Germany										
1992	2,598	5.98	15,542	7,607	1,473	4,922	4,640	6,678	11,318	8,382
1993	2,395	6.58	15,767	8,382	1,450	5,000	7,600	6,500	14,100	6,499
1994	2,450	6.53	16,000	6,499	1,400	4,500	6,700	6,500	13,200	6,199
Greece										
1992	944	2.12	2,000	697	228	718	100	1,410	1,510	697
1993	790	1.52	1,200	387	460	400	100	1,470	1,570	387
1994	870	2.07	1,800	707	500	380	100	1,500	1,600	707
Ireland										
1992	91	7.44	677	91	206	100	415	379	794	80
1993	77	6.49	500	80	290	50	426	374	800	20
1994	71	7.46	530	20	280	50	384	376	760	20
Italy										
1992	2,519	3.55	8,938	2,800	4,862	2,266	1,000	9,516	10,516	3,918
1993	2,400	3.29	7,900	3,918	5,300	2,000	2,000	11,050	13,050	2,068
1994	2,400	3.33	8,000	2,068	4,900	1,500	1,000	11,050	12,050	1,418
Netherlands										
1992	127	8.01	1,017	146	2,458	1,063	650	1,600	2,250	308
1993	120	8.33	1,000	308	2,000	450	720	1,880	2,600	258
1994	110	8.64	950	258	2,400	450	750	1,950	2,700	458
Portugal										
1992	335	1.22	409	175	2,458	9	119	1,081	1,200	270
1993	377	1.40	526	270	2,000	20	200	1,076	1,276	160
1994	400	1.50	600	160	2,400	20	335	965	1,300	240
Spain										
1992	2,293	1.90	4,356	470	1,144	830	800	4,100	4,900	240
1993	2,035	2.46	5,000	240	1,050	700	1,200	3,900	5,100	490
1994	2,100	2.29	4,800	490	1,100	900	1,000	4,000	5,000	490
United Kingdom										
1992	2,060	6.80	14,000	1,675	1,232	4,809	5,200	5,590	10,790	1,308
1993	1,800	7.17	12,900	1,308	1,450	3,500	5,620	5,380	11,000	1,158
1994	1,850	7.03	13,000	1,158	1,500	3,500	5,700	5,650	11,350	808
Total EC-12 2/										
1992	16,888	5.02	84,783	22,678	17,306	37,131	21,454	39,195	60,649	25,524
1993	15,428	5.20	80,250	25,214	17,595	33,620	29,036	40,735	69,771	18,638
1994	15,781	5.19	81,980	18,958	18,205	32,750	26,469	41,011	67,480	16,993

See footnotes at end of table.

Continued--

Appendix table 10: Supply and use of wheat in Europe, 1992-94 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 ha	Tons/ha	-----1,000 tons-----							
Other Europe										
Austria										
1992	246	5.39	1,325	286	19	261	609	566	1,175	194
1993	241	4.22	1,018	194	25	220	241	559	800	217
1994	230	5.22	1,200	217	25	340	300	600	900	202
Finland										
1992	88	2.41	212	641	44	25	93	81	500	641
1993	100	3.60	360	500	30	30	80	93	470	563
1994	100	3.50	350	470	30	25	80	80	425	523
Norway										
1992	53	3.68	195	340	304	--	130	374	504	335
1993	60	5.42	325	335	150	--	80	420	500	310
1994	75	5.33	400	310	150	--	80	445	525	335
Sweden										
1992	264	5.33	1,406	330	50	40	231	1,215	1,446	300
1993	290	6.02	1,746	300	50	350	232	1,168	1,400	346
1994	250	6.00	1,500	346	50	200	230	1,170	1,400	296
Switzerland										
1992	94	5.66	532	568	150	--	231	539	770	480
1993	94	5.66	532	480	200	--	232	540	772	440
1994	95	5.68	530	440	200	--	230	540	770	400
Bulgaria										
1992	1,107	3.11	3,440	445	19	300	1,200	2,109	3,309	295
1993	1,270	2.90	3,680	295	100	--	1,100	2,500	3,600	475
1994	1,200	3.75	4,500	475	50	--	1,200	2,800	4,000	1,025
Former Czechoslovakia										
1992	1,112	4.59	5,100	1,799	6	250	3,100	2,130	5,230	1,425
1993	1,180	4.07	4,800	1,425	700	--	3,200	2,225	5,425	1,500
1994	1,200	4.83	5,800	1,500	50	--	3,300	2,300	5,600	1,750
Hungary										
1992	848	4.06	3,444	2,346	50	400	2,200	1,900	4,100	1,340
1993	990	3.05	3,020	1,340	100	100	2,000	1,731	3,731	629
1994	1,000	4.50	4,500	629	--	250	2,000	1,900	3,900	979
Poland										
1992	2,405	3.06	7,368	550	992	297	3,300	5,013	8,313	300
1993	2,500	3.30	8,242	300	500	150	3,600	4,892	8,492	400
1994	2,500	3.52	8,800	400	300	200	3,600	5,100	8,700	600
Romania										
1992	1,475	2.07	3,048	50	1,465	--	1,500	3,013	4,513	50
1993	2,300	2.30	5,300	50	250	--	1,500	3,300	4,800	800
1994	2,500	2.20	5,500	800	100	--	1,500	3,400	4,900	1,500
Total Europe										
1992	24,580	4.51	110,853	30,033	20,405	38,704	34,048	56,135	90,509	30,884
1993	24,453	4.47	109,273	30,433	19,700	34,470	41,301	58,163	99,761	24,318
1994	24,931	4.62	115,060	24,545	19,160	33,765	38,989	59,346	98,600	24,603

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 11: Supply and use of corn in Europe, 1992-94 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 ha	Tons/ha	-----1,000 tons-----							
European Union										
Belgium-Luxembourg										
1992	9	9.89	89	--	1,236	59	720	546	1,266	59
1993	11	8.64	95	--	850	20	370	555	925	20
1994	20	6.50	130	--	850	20	405	555	960	20
Denmark										
1992	--	--	--	--	55	--	20	35	55	--
1993	--	--	--	--	60	--	20	40	60	--
1994	--	--	--	--	60	--	20	40	60	--
France										
1992	1,863	7.98	14,872	1,424	105	6,404	4,277	1,840	6,117	3,880
1993	1,860	8.12	15,100	3,880	200	9,200	5,318	1,782	7,100	2,880
1994	1,800	8.17	14,700	2,880	200	7,800	5,600	1,800	7,400	2,580
Germany										
1992	296	7.23	2,139	301	1,015	263	1,595	1,122	2,717	475
1993	330	8.06	2,660	475	1,100	250	2,350	1,160	3,510	475
1994	350	8.00	2,800	475	1,100	350	2,400	1,150	3,550	475
Greece										
1992	170	8.53	1,450	--	212	271	1,300	91	1,391	--
1993	100	9.00	900	--	350	30	1,150	70	1,220	--
1994	100	9.00	900	--	400	20	1,170	110	1,280	--
Ireland										
1992	--	--	--	--	45	--	8	37	45	--
1993	--	--	--	--	45	--	--	45	45	--
1994	--	--	--	--	50	--	--	50	50	--
Italy										
1992	854	8.68	7,413	207	175	259	6,400	886	7,286	250
1993	932	8.48	7,900	250	450	200	6,950	1,000	7,950	450
1994	900	8.56	7,700	450	350	250	6,900	1,000	7,900	350
Netherlands										
1992	8	7.88	63	--	1,560	15	494	1,114	1,608	--
1993	5	20.00	100	--	1,700	--	809	991	1,800	--
1994	10	10.00	100	--	1,700	--	809	991	1,800	--
Portugal										
1992	128	4.70	601	150	764	2	1,200	153	1,353	160
1993	105	4.95	520	160	1,300	6	1,650	164	1,814	160
1994	110	5.00	550	150	1,250	10	1,630	165	1,795	155
Spain										
1992	390	6.41	2,500	300	1,450	20	3,097	1,051	4,148	82
1993	274	6.20	1,698	82	2,100	--	2,780	1,000	3,780	100
1994	300	6.33	1,900	100	1,800	--	2,600	1,000	3,600	200
United Kingdom										
1992	--	--	--	--	1,190	15	230	945	1,175	--
1993	--	--	--	--	1,600	10	230	1,360	1,590	--
1994	--	--	--	--	1,500	10	210	1,280	1,490	--
Total EU-12 2/										
1992	3,718	7.83	29,127	4,154	7,807	7,308	19,341	9,020	25,968	4,906
1993	3,617	8.01	28,973	6,897	9,755	9,716	21,627	9,817	28,140	4,085
1994	3,590	8.02	28,780	6,155	9,260	8,460	21,744	9,771	28,245	3,780

See footnotes at end of table.

Continued--

Appendix table 11: Supply and use of corn in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-----1,000 tons-----										
Other Europe										
Austria										
1992	173	6.46	1,118	150	30	63	1,017	128	1,145	90
1993	170	8.96	1,524	90	15	50	1,305	184	1,489	90
1994	160	8.44	1,350	90	20	50	1,110	248	1,358	52
Finland										
1992	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--
Norway										
1992	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--
Sweden										
1992	3	4.00	12	--	--	--	12	--	12	--
1993	3	3.33	10	--	--	--	10	--	10	--
1994	3	3.33	10	--	--	--	10	--	10	--
Switzerland										
1992	26	8.08	210	118	31	--	240	19	259	100
1993	26	8.08	210	100	50	--	245	15	260	100
1994	30	8.67	260	100	--	--	250	20	270	90
Bulgaria										
1992	615	1.59	980	200	150	17	600	713	1,313	--
1993	500	3.00	1,500	--	100	--	1,000	500	1,500	100
1994	550	3.09	1,700	100	--	--	1,100	600	1,700	100
Former Czechoslovakia										
1992	185	4.22	780	201	135	--	691	325	1,016	100
1993	180	4.61	830	100	50	--	730	150	880	100
1994	200	4.50	900	100	--	--	750	150	900	100
Hungary										
1992	1,164	3.7	4,301	1,175	--	50	4,400	746	5,146	280
1993	1,100	3.64	4,000	280	--	--	3,800	200	4,000	280
1994	1,200	4.17	5,000	280	--	500	4,100	330	4,430	350
Poland										
1992	56	3.68	206	226	1,000	--	880	376	1,256	176
1993	60	4.17	250	176	100	--	300	220	520	--
1994	55	4.55	250	--	300	--	400	150	550	--
Romania										
1992	3,334	2.05	6,829	1,460	194	--	6,829	1,504	8,333	150
1993	3,400	2.58	8,000	150	150	--	6,150	2,000	8,150	150
1994	3,000	2.67	8,000	150	150	--	6,550	1,650	8,200	100
Total Europe										
1992	9,274	4.70	43,563	7,684	9,347	7,438	34,010	12,831	44,448	5,802
1993	9,056	5.00	45,297	7,793	10,220	9,766	35,167	13,086	44,949	4,905
1994	8,788	5.26	46,250	6,975	9,730	9,010	36,014	12,919	45,663	4,572

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 12: Supply and use of barley in Europe, 1992-94 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 ha	Tons/ha	-----1,000 tons-----							
European Union										
Belgium-Luxembourg										
1992	91	5.73	521	178	1,575	750	480	870	1,350	174
1993	88	5.43	478	174	1,650	700	650	832	1,482	120
1994	90	5.56	500	120	1,500	600	700	820	1,520	--
Denmark										
1992	892	3	2,974	914	313	373	3,000	2,380	5,380	414
1993	720	5	3,400	414	120	350	2,800	2,530	5,330	290
1994	750	5	3,700	290	200	350	2,900	2,350	5,250	440
France										
1992	1,798	5.88	10,580	1,800	100	5,000	3,600	1,780	5,380	2,100
1993	1,600	5.55	8,880	2,100	150	4,300	3,500	1,830	5,330	1,500
1994	1,500	5.87	8,800	1,500	50	4,300	3,550	1,700	5,250	800
Germany										
1992	2,408	5.06	12,196	5,593	331	2,160	7,300	3,060	10,360	5,600
1993	2,200	5.00	11,000	5,600	350	3,000	6,500	3,150	9,650	4,300
1994	2,200	5.23	11,500	4,300	100	3,000	6,700	3,200	9,900	3,000
Greece										
1992	180	2.50	450	39	80	--	520	20	540	29
1993	135	2.81	380	29	60	--	420	15	435	34
1994	140	2.86	400	34	60	--	450	10	460	34
Ireland										
1992	190	6	1,129	240	13	260	577	245	822	300
1993	177	5	946	300	10	250	550	246	796	210
1994	175	6	1,065	210	10	250	568	267	835	200
Italy										
1992	450	3.87	1,741	100	318	--	1,710	349	2,059	100
1993	436	3.44	1,500	100	800	--	1,950	350	2,300	100
1994	400	3.75	1,500	100	900	--	2,050	350	2,400	100
Netherlands										
1992	34	6.00	204	575	1,700	1,200	650	59	709	570
1993	40	6.25	250	570	1,900	1,260	650	240	890	570
1994	40	6.25	250	570	2,100	1,400	700	200	900	620
Portugal										
1992	71	0.97	69	50	167	--	150	111	261	25
1993	66	1.58	104	25	135	5	135	109	244	15
1994	60	1.50	90	15	195	10	91	189	280	10
Spain										
1992	4,012	1.52	6,105	1,400	50	500	4,842	1,513	6,355	700
1993	3,480	2.74	9,520	700	30	900	7,050	1,100	8,150	1,200
1994	3,800	2.11	8,000	1,200	--	400	7,100	1,200	8,300	500
United Kingdom										
1992	1,309	6	7,350	1,200	275	1,600	4,000	2,200	6,200	1,025
1993	1,180	5	6,000	1,025	250	1,450	3,100	1,900	5,000	825
1994	1,200	5	6,500	825	200	1,600	3,400	1,900	5,300	625
Total EU-12 2/										
1992	11,435	3.79	43,319	13,255	4,922	12,363	26,829	12,737	39,180	11,037
1993	10,122	4.20	42,528	12,398	5,455	12,635	27,305	12,437	39,378	9,164
1994	10,355	4.08	42,285	10,720	5,315	12,360	28,209	12,277	40,125	6,329

See footnotes at end of table.

Continued--

Appendix table 12: Supply and use of barley in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-----1,000 tons-----										
Other Europe										
Austria										
1992	275	4.88	1,342	80	2	150	950	274	1,224	60
1993	270	4.07	1,100	50	110	130	830	270	1,100	30
1994	260	4.62	1,200	30	20	--	900	310	1,210	40
Finland										
1992	473	3.24	1531	374	1	90	917	449	1366	450
1993	460	3.65	1680	450	--	350	830	500	1330	450
1994	470	3.4	1600	450	--	300	910	455	1365	385
Norway										
1992	180	2.61	469	506	47	--	570	33	603	419
1993	170	3.62	615	419	--	--	520	30	550	484
1994	--	3.53	600	484	--	--	570	30	600	484
Sweden										
1992	432	2.92	1,261	220	31	--	1,225	157	1382	1382
1993	390	4.28	1,671	130	--	200	1,260	201	1461	1461
1994	450	4.00	1,800	140	--	300	1,300	200	1500	1500
Switzerland										
1992	60	5.33	320	222	36	--	365	13	378	200
1993	60	5.33	320	200	40	--	350	10	360	200
1994	60	5.83	350	200	--	--	400	0	400	150
Bulgaria										
1992	320	3.73	1,192	--	34	104	900	222	1,122	--
1993	362	2.53	950	--	250	--	1,000	200	1,200	--
1994	300	3.67	1,100	--	--	--	900	200	1,100	--
Former Czechoslovakia										
1992	887	4.00	3,550	555	34	200	2,810	574	3,384	555
1993	884	3.73	3,300	555	100	--	2,500	900	3,400	555
1994	900	4.22	3,800	555	--	--	2,900	900	3,800	555
Hungary										
1992	480	3.59	1,722	500	25	330	1,100	467	1,567	350
1993	390	2.9	1,130	350	300	50	1,150	406	1,556	174
1994	400	3.75	1,500	174	100	--	1,200	400	1,600	174
Poland										
1992	1,198	2.35	2,819	200	676	135	2,601	869	3,470	90
1993	1,200	2.75	3,300	90	100	--	2,500	950	3,450	40
1994	1,200	2.92	3,500	40	100	--	2,600	1,000	3,600	40
Romania										
1992	628	2.67	1,678	100	592	--	1,700	570	2,270	100
1993	640	2.42	1,550	100	700	--	2,050	200	2,250	100
1994	700	2.14	1,500	100	500	--	1,950	100	2,050	50
Total Europe										
1992	16,368	3.63	59,349	15,925	6,400	13,372	39,967	16,365	55,946	14,643
1993	14,948	3.89	58,129	14,807	7,055	13,365	40,295	16,104	56,035	12,658
1994	15,095	3.92	59,235	12,893	6,035	12,960	41,839	15,872	57,350	9,707

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 13: Supply and use of rye in Europe, 1992-94 1/

Country and year	Area harvested	Yield	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
	1,000 ha	Tons/ha	-----1,000 tons-----							
European Union										
Belgium-Luxembourg										
1992	2	4.00	8	--	12	--	6	14	20	-
1993	2	4.00	8	--	10	--	6	12	18	-
1994	3	4.00	12	--	10	--	6	16	22	--
Denmark										
1992	88	3.50	308	580	5	500	100	60	160	233
1993	76	4.25	323	233	--	200	100	56	156	200
1994	80	5.00	400	200	--	200	100	100	200	200
France										
1992	52	3.94	205	20	2	18	150	49	199	10
1993	50	3.80	190	10	--	20	150	30	180	--
1994	50	3.80	180	--	--	10	145	25	170	--
Germany										
1992	615	3.94	2,422	3,361	21	1,408	700	1,296	1,996	2,700
1993	660	4.52	2,984	2,700	60	700	1,000	1,344	2,344	2,700
1994	740	4.46	3,300	2,700	20	900	1,100	1,300	2,400	2,720
Greece										
1992	18	2.00	36	5	--	--	--	41	41	--
1993	18	2.00	36	--	--	--	--	36	36	--
1994	18	2.22	40	--	--	--	--	40	40	--
Ireland										
1992	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--
Italy										
1992	8	2.75	22	--	6	--	20	8	28	--
1993	8	7.75	22	--	6	--	20	8	28	--
1994	8	2.50	20	--	--	--	15	5	20	--
Netherlands										
1992	6	5.67	34	10	31	5	5	55	60	10
1993	7	5.00	35	10	30	5	5	55	60	10
1994	7	5.00	35	--	30	10	5	55	60	--
Portugal										
1992	80	0.78	62	--	2	--	8	65	73	--
1993	75	1.00	75	--	--	--	10	65	75	--
1994	60	1.00	60	--	10	--	--	70	70	--
Spain										
1992	185	1.24	230	30	--	--	168	92	260	--
1993	171	1.75	300	--	--	--	180	100	280	20
1994	170	1.47	250	20	--	--	170	100	270	--
United Kingdom										
1992	7	5.57	39	--	10	--	--	49	49	--
1993	4	5.00	20	--	30	--	--	50	50	--
1994	5	10.00	50	--	--	--	--	50	50	--
Total EU-12 2/										
1992	1,061	3.17	3,366	4,022	89	1,931	1,157	1,737	2,813	2,953
1993	1,071	3.73	3,993	2,973	136	925	1,471	1,766	3,152	2,930
1994	1,141	3.81	4,343	2,950	70	1,120	1,541	1,761	3,232	2,920

See footnotes at end of table.

Continued--

Appendix table 13: Supply and use of rye in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-----1,000 tons-----										
Other Europe										
Austria										
1992	69	4.03	278	66	--	45	97	137	234	65
1993	70	4.14	290	65	--	40	70	190	260	55
1994	70	4.00	280	55	--	30	80	175	255	50
Finland										
1992	11	2.45	27	273	7	--	2	101	103	204
1993	20	3.00	60	204	--	--	--	100	100	164
1994	20	2.50	50	164	--	--	--	100	100	114
Norway										
1992	1	4.00	4	23	21	--	--	43	43	5
1993	2	5.00	10	5	40	--	--	55	55	--
1994	2	5.00	10	--	50	--	--	60	60	--
Sweden										
1992	33	4.12	136	110	--	10	20	116	136	100
1993	50	4.60	230	100	--	20	70	115	185	95
1994	40	4.13	165	95	--	--	145	115	260	--
Switzerland										
1992	5	4.00	20	22	3	--	5	(4)	1	21
1993	5	4.00	20	21	--	--	--	30	30	11
1994	5	4.00	20	11	--	--	--	31	31	--
Bulgaria										
1992	19	1.89	36	--	--	--	--	36	36	--
1993	15	1.67	25	--	--	--	--	25	25	--
1994	10	2.00	20	--	--	--	--	20	20	--
Former Czechoslovakia										
1992	88	2.90	140	525	8	50	58	455	513	225
1993	100	3.00	110	225	25	50	75	275	350	150
1994	100	3.50	200	150	--	50	75	275	350	100
Hungary										
1992	70	2.00	140	--	--	--	100	40	140	--
1993	70	1.57	110	--	--	--	90	20	110	--
1994	90	2.22	200	--	--	--	180	20	200	--
Poland										
1992	2,034	1.96	3,981	100	524	--	2,500	2,089	4,589	100
1993	2,200	2.27	5,000	400	300	150	2,300	2,550	4,850	400
1994	2,200	2.50	5,500	350	--	100	2,900	2,550	5,450	350
Romania										
1992	30	1.67	50	--	10	--	50	10	60	--
1993	20	1.50	30	--	25	--	40	15	55	--
1994	40	1.25	50	--	25	--	50	25	75	--
Total Europe										
1992	3,421	2.39	8,184	5,123	662	2,036	3,989	4,760	8,668	3,673
1993	3,623	2.73	9,878	3,988	526	1,185	4,116	5,141	9,172	3,805
1994	3,718	2.92	10,838	3,775	145	1,300	4,971	5,132	10,033	3,534

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 14: Supply and use of oats in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-----1,000 tons-----										
European Union										
Belgium-Luxembourg										
1992	12	4.33	52	--	37	3	80	6	86	-
1993	15	4.67	70	--	35	5	95	5	100	-
1994	10	5.00	50	--	50	--	95	5	100	--
Denmark										
1992	30	3.10	93	17	20	--	80	37	117	13
1993	30	5.00	150	13	25	--	140	23	163	25
1994	40	5.00	200	25	--	--	175	25	200	25
France										
1992	165	4.24	700	30	5	87	580	28	608	40
1993	167	4.19	700	40	5	80	580	19	599	66
1994	160	4.19	670	66	5	80	580	34	614	47
Germany										
1992	358	3.67	1,314	371	100	13	1,245	297	1,542	230
1993	360	4.72	1,700	230	100	10	1,450	320	1,770	250
1994	400	4.75	1,900	250	60	20	1,500	350	1,850	340
Greece										
1992	25	1.64	41	5	--	--	--	46	46	--
1993	43	1.63	70	--	20	--	--	90	90	--
1994	40	1.75	70	--	--	--	--	70	70	--
Ireland										
1992	20	6.10	122	6	20	20	71	32	103	5
1993	17	6.00	102	5	20	20	71	11	82	5
1994	18	6.11	110	5	20	20	71	19	90	5
Italy										
1992	146	2.28	333	40	41	--	353	21	374	40
1993	140	2.57	360	40	50	--	390	20	410	40
1994	130	2.31	300	40	50	--	350	40	390	--
Netherlands										
1992	4	4.75	19	10	56	15	30	30	60	10
1993	5	5.40	27	10	53	10	30	40	70	10
1994	6	5.00	30	10	60	10	30	50	80	10
Portugal										
1992	98	0.66	65	7	10	--	70	4	74	8
1993	102	0.81	83	8	10	--	68	20	88	13
1994	80	0.81	65	13	--	--	65	13	78	--
Spain										
1992	296	1.08	320	--	5	--	275	50	325	--
1993	330	1.21	400	--	30	--	420	10	430	--
1994	340	1.32	450	--	--	--	430	20	450	--
United Kingdom										
1992	105	5.00	525	45	5	40	250	245	495	40
1993	100	5.00	500	40	5	50	200	260	460	35
1994	90	5.39	50	35	5	50	225	200	425	50
Total EU-12 2/										
1992	1,259	2.85	3,584	572	299	178	3,034	866	3,764	386
1993	1,309	3.16	4,133	449	353	175	3,444	886	4,187	444
1994	1,314	2.96	3,895	494	250	180	3,521	891	4,269	477

See footnotes at end of table.

Continued--

Appendix table 14: Supply and use of oats in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-----1,000 tons-----										
Other Europe										
Austria										
1992	55	3.36	185	45	--	5	163	22	185	40
1993	50	3.80	190	40	4	--	155	39	194	40
1994	50	3.70	185	40	--	--	154	31	185	40
Finland										
1992	335	3.16	1058	273	--	279	595	110	705	347
1993	330	3.64	1200	347	--	500	624	82	706	341
1994	340	3.24	1100	341	--	350	600	100	700	391
Norway										
1992	133	2.39	318	351	--	--	508	20	528	141
1993	120	3.75	450	141	--	--	440	20	460	131
1994	120	3.75	450	131	--	--	500	30	530	51
Sweden										
1992	342	2.36	807	135	--	--	740	67	807	135
1993	300	4.32	1,295	135	--	300	1035	95	1130	--
1994	355	3.86	1,370	--	--	250	1050	20	1070	50
Switzerland										
1992	11	5.27	58	124	65	--	120	3	123	124
1993	11	5.27	58	124	65	--	120	3	123	124
1994	10	5.00	50	124	60	--	120	5	125	109
Bulgaria										
1992	20	1.50	30	--	--	--	10	20	30	--
1993	20	1.50	30	--	--	--	15	15	30	--
1994	30	1.67	50	--	--	--	35	15	50	--
Former Czechoslovakia										
1992	85	3.00	255	53	--	--	215	55	270	--
1993	85	3.24	275	38	--	--	200	80	280	--
1994	100	3.50	350	33	--	--	300	83	383	--
Hungary										
1992	45	2.44	110	--	--	--	100	10	110	--
1993	50	2.00	100	--	--	--	90	10	100	--
1994	50	3.00	150	--	--	--	140	10	150	--
Poland										
1992	667	1.84	1,229	60	--	50	1,100	90	1,190	49
1993	642	2.34	1,500	49	--	--	1,100	370	1,470	79
1994	650	2.46	1,600	79	--	--	1,200	479	1,679	--
Romania										
1992	309	1.58	488	--	--	--	180	308	488	--
1993	360	1.53	550	--	--	--	300	250	550	--
1994	360	1.67	600	--	--	--	300	300	600	--
Total Europe										
1992	3,261	2.53	8,254	1,403	364	512	6,765	1,571	8,200	1,222
1993	3,277	2.98	9,781	1,313	422	975	7,523	1,850	9,230	1,159
1994	3,379	2.90	9,800	1,242	310	780	7,920	1,964	9,741	1,118

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 15: Supply and use of coarse grains in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-----1,000 tons-----										
European Union										
Belgium-Luxembourg										
1992	125	5.83	729	178	2,953	817	1,433	1,436	2,869	174
1993	128	5.59	715	174	2,635	730	1,270	1,404	2,674	120
1994	134	5.61	752	120	2,500	625	1,351	1,396	2,747	--
Denmark										
1992	1,013	3.34	3,382	1,511	393	873	3,206	547	3,753	660
1993	829	4.68	3,880	660	205	550	3,060	620	3,680	515
1994	873	4.93	4,307	515	260	550	3,195	672	3,867	665
France										
1992	4,160	6.68	27,805	3,299	222	11,743	9,753	3,700	13,453	6,130
1993	3,928	6.65	26,133	6,130	365	13,900	10,581	3,661	14,242	4,486
1994	3,760	6.81	25,590	4,486	255	12,390	10,915	3,559	14,474	3,467
Germany										
1992	3,917	4.91	19,216	9,930	1,469	3,844	11,890	5,876	17,766	9,005
1993	3,830	5.16	19,749	9,005	1,610	3,960	12,600	6,079	18,679	7,725
1994	3,960	5.28	20,900	7,725	1,280	4,270	13,000	6,100	19,100	6,535
Greece										
1992	393	5.03	1,977	49	292	271	1,820	198	2,018	29
1993	296	4.68	1,386	29	430	30	1,570	211	1,781	34
1994	298	4.73	1,410	34	460	20	1,620	230	1,850	34
Ireland										
1992	210	5.96	1,251	246	58	280	656	314	970	305
1993	194	5.40	1,048	305	55	270	621	302	923	215
1994	193	6.09	1,175	215	60	270	659	316	975	205
Italy										
1992	1,488	6.51	9,688	347	689	259	8,811	1,264	10,075	390
1993	1,546	6.45	9,967	390	1,406	200	9,595	1,378	10,973	590
1994	1,478	6.58	9,720	590	1,400	250	9,615	1,395	11,010	450
Netherlands										
1992	54	6.17	333	612	3,419	1,260	1,237	1,260	2,497	607
1993	59	7.19	424	607	3,761	1,300	1,557	1,328	2,885	607
1994	65	6.57	427	607	3,960	1,445	1,609	1,305	2,914	635
Portugal										
1992	377	2.11	797	193	943	2	1,428	333	1,761	193
1993	348	2.25	782	188	1,445	11	1,863	358	2,221	188
1994	310	2.47	765	165	1,455	20	1,786	437	2,223	165
Spain										
1992	4,951	1.88	9,328	1,730	1,824	520	8,866	2,714	11,580	782
1993	4,302	2.79	11,988	782	2,410	900	10,750	2,210	12,960	1,320
1994	4,660	2.31	10,465	1,320	2,050	400	10,705	2,330	13,035	700
United Kingdom										
1992	1,425	5.57	7,934	1,245	1,480	1,655	4,500	3,439	7,939	1,065
1993	1,288	5.08	6,540	1,065	1,885	1,510	3,550	3,570	7,120	860
1994	1,303	5.43	7,070	860	1,705	1,660	3,870	3,430	7,300	675
Total EU-12 2/										
1992	18,113	4.55	82,440	22,390	13,742	23,073	53,600	22,509	73,113	19,340
1993	16,748	4.97	83,203	22,890	16,207	24,901	57,017	22,984	76,105	16,660
1994	17,034	4.85	82,557	20,416	15,385	23,500	58,325	22,956	77,437	13,531

See footnotes at end of table.

Continued--

Appendix table 15: Supply and use of coarse grains in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-----1,000 tons-----										
Other Europe										
Austria										
1992	593	5.05	2,997	341	32	263	2,291	571	2,862	245
1993	580	5.49	3,184	245	129	220	2,440	683	3,123	215
1994	560	5.51	3,085	215	40	80	2,314	764	3,078	182
Finland										
1992	831	3.19	2651	920	8	369	1549	660	2209	1001
1993	822	3.62	2976	1001	--	850	1490	682	2172	955
1994	840	3.32	2785	955	--	650	1545	655	2200	890
Norway										
1992	315	2.52	793	880	68	--	1080	96	1176	565
1993	293	3.68	1077	565	40	--	962	105	1067	615
1994	293	3.62	1062	615	50	--	1072	120	1192	535
Sweden										
1992	858	2.76	2,366	477	31	10	2147	342	2489	375
1993	803	4.37	3,506	375	--	550	2675	411	3086	245
1994	908	3.89	3,530	245	--	550	2700	335	3035	190
Switzerland										
1992	109	5.83	636	498	135	--	730	82	812	457
1993	109	5.83	636	457	155	--	715	98	813	435
1994	115	6.17	710	435	60	--	770	86	856	349
Bulgaria										
1992	975	2.30	2,239	200	184	121	1,510	992	2,502	--
1993	898	2.79	2,506	--	350	--	2,015	741	2,756	100
1994	891	3.22	2,871	100	--	--	2,035	836	2,871	100
Former Czechoslovakia										
1992	1,245	3.89	4,840	1,334	177	250	3,774	1,409	5,183	918
1993	1,249	3.77	4,705	918	175	50	3,505	1,405	4,910	838
1994	1,300	4.15	5,400	838	--	50	4,025	1,408	5,433	755
Hungary										
1992	1,759	3.57	6,273	1,675	25	380	5,700	1,263	6,963	630
1993	1,610	3.32	5,340	630	300	50	5,130	636	5,766	454
1994	1,740	3.94	6,850	454	100	500	5,620	760	6,380	524
Poland										
1992	5,916	2.13	12,594	770	2,239	195	10,625	4,284	14,909	499
1993	6,042	2.52	15,200	499	500	150	10,400	5,048	15,448	601
1994	6,045	2.70	16,300	601	400	100	11,582	5,229	16,811	390
Romania										
1992	4,306	2.10	9,049	1,560	796	--	8,763	2,392	11,155	250
1993	4,125	2.46	10,134	250	875	--	8,544	2,465	11,009	250
1994	4,105	2.47	10,155	250	675	--	8,855	2,075	10,930	150
Total Europe										
1992	35,020	3.63	127,162	30,730	17,437	24,661	91,769	34,600	123,373	24,280
1993	33,279	3.98	132,452	27,880	18,731	26,771	94,893	35,258	126,255	21,368
1994	33,831	4.00	135,305	25,124	16,710	25,430	98,843	35,224	130,223	17,596

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 16: Supply and use of total grains in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
European Union			-----1,000 tons-----							
Belgium-Luxembourg										
1992	341	6.49	2,213	468	5,587	2,527	2,073	3,235	5,308	433
1993	340	6.45	2,192	433	5,495	2,545	2,040	3,279	5,319	256
1994	354	6.36	2,252	256	5,680	2,410	2,151	3,261	5,412	366
Denmark										
1992	1,594	4.37	6,965	1,950	712	1,682	5,131	1,142	6,273	1,672
1993	1,451	5.67	8,230	1,672	550	1,850	5,460	1,215	6,675	1,927
1994	1,483	5.80	8,607	1,927	580	1,850	5,695	1,192	6,887	2,377
France										
1992	9,306	6.52	60,655	11,618	898	31,805	15,718	10,443	26,161	12,505
1993	8,552	6.53	55,839	15,205	1,155	32,458	18,581	10,599	29,180	10,561
1994	8,480	6.62	56,170	10,561	910	30,955	18,115	10,499	28,614	8,072
Germany										
1992	6,515	5.34	34,758	17,549	3,183	8,798	16,530	12,760	29,290	17,402
1993	6,225	5.71	35,516	17,402	3,305	9,005	20,200	12,784	32,984	14,234
1994	6,410	5.76	36,900	14,234	2,930	8,810	19,700	12,805	32,505	12,749
Greece										
1992	1,352	2.99	4,037	756	524	995	1,920	1,663	3,583	739
1993	1,101	2.40	2,646	739	895	436	1,670	1,736	3,406	436
1994	1,178	2.76	3,250	436	973	403	1,720	1,785	3,505	751
Ireland										
1992	301	6.41	1,928	337	273	380	1,071	702	1,773	385
1993	271	5.71	1,548	385	353	320	1,047	684	1,731	235
1994	264	6.46	1,705	235	348	320	1,043	700	1,743	225
Italy										
1992	4,223	4.60	19,423	3,406	5,571	3,100	9,811	11,110	20,921	4,379
1993	4,176	4.48	18,717	4,379	6,736	2,740	11,595	12,758	24,353	2,739
1994	4,108	4.52	18,570	2,739	6,300	2,300	10,615	12,775	23,390	1,919
Netherlands										
1992	181	7.46	1,350	758	6,073	2,385	1,887	2,994	4,881	915
1993	179	7.96	1,424	915	5,961	1,820	2,277	3,338	5,615	865
1994	175	7.87	1,377	865	6,560	1,965	2,359	3,385	5,744	1,093
Portugal										
1992	737	1.74	1,279	448	1,936	16	1,547	1,590	3,137	510
1993	750	1.84	1,381	510	2,195	36	2,063	1,609	3,672	378
1994	740	1.98	1,465	378	2,355	45	2,121	1,580	3,701	452
Spain										
1992	7,330	1.92	14,078	2,264	3,010	1,492	9,666	7,084	16,750	1,110
1993	6,387	2.69	17,208	1,110	3,560	1,690	11,950	6,384	18,334	1,854
1994	6,810	2.32	15,785	1,854	3,250	1,345	11,705	6,605	18,310	1,234
United Kingdom										
1992	3,485	6.29	21,934	2,920	2,976	6,476	9,700	9,281	18,981	2,373
1993	3,088	6.30	19,440	2,373	3,610	5,010	9,170	9,225	18,395	2,018
1994	3,153	6.37	20,070	2,018	3,480	5,160	9,570	9,355	18,925	1,483
Total EU-12 2/										
1992	35,365	4.77	168,620	47,557	30,743	60,581	75,054	63,551	134,431	42,423
1993	32,520	5.09	165,532	50,325	33,815	59,144	86,053	65,674	146,370	35,503
1994	33,155	4.99	165,547	41,735	33,366	56,880	84,794	66,063	145,487	30,721

See footnotes at end of table.

Continued--

Appendix table 16: Supply and use of total grains in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Feed use	Non-feed use	Total consumption	Ending stocks
-----1,000 tons-----										
Other Europe										
Austria										
1992	839	5.15	4,322	627	71	524	2,900	1,157	4,057	439
1993	821	5.12	4,202	439	179	440	2,681	1,267	3,948	432
1994	790	5.42	4,285	432	93	420	2,614	1,392	4,006	384
Finland										
1992	919	3.12	2863	1561	52	394	1642	939	2581	1501
1993	922	3.62	3336	1501	30	880	1570	992	2562	1425
1994	940	3.34	3135	1425	30	675	1625	975	2600	1315
Norway										
1992	368	2.68	988	1,220	372	--	1210	470	1680	900
1993	353	3.97	1402	900	190	--	1042	525	1567	925
1994	368	3.97	1462	925	200	--	1152	565	1717	870
Sweden										
1992	1,122	3.36	3,772	807	81	50	2928	1,007	3935	675
1993	1,093	4.81	5,252	675	50	900	3475	1,011	4486	591
1994	1,158	4.34	5,030	591	50	750	3450	985	4435	486
Switzerland										
1992	203	5.75	1,168	1,082	340	--	961	675	1,636	954
1993	203	5.75	1,168	954	415	--	947	698	1,645	892
1994	210	5.90	1,240	892	320	--	1,000	691	1,691	761
Bulgaria										
1992	2,087	2.73	5,693	645	211	421	2,710	3,123	5,833	295
1993	2,171	2.85	6,196	295	455	--	3,115	3,256	6,371	575
1994	2,096	3.52	7,381	575	60	--	3,235	3,656	6,891	1,125
Former Czechoslovakia										
1992	2,357	4.22	9,940	3,133	263	500	6,874	3,619	10,493	2,343
1993	2,429	3.91	9,505	2,343	935	50	6,705	3,690	10,395	2,338
1994	2,500	4.48	11,200	2,338	120	50	7,325	3,778	11,103	2,505
Hungary										
1992	2,614	3.72	9,727	4,021	90	780	7,900	3,188	11,088	2,343
1993	2,607	3.21	8,370	1,970	415	150	7,130	2,392	9,522	2,338
1994	2,750	4.13	11,365	1,083	110	750	7,620	2,685	10,305	2,505
Poland										
1992	8,321	2.40	19,962	1,320	3,291	492	13,925	9,357	23,282	799
1993	8,542	2.74	23,442	799	1,040	300	14,000	9,980	23,980	1,001
1994	8,545	2.94	25,100	1,001	750	300	15,182	10,379	25,561	990
Romania										
1992	5,797	2.09	12,122	1,610	2,320	--	10,263	13,019	23,282	300
1993	6,437	2.40	15,457	300	1,175	--	10,044	13,936	23,980	1,050
1994	6,615	2.37	15,675	1,050	840	--	10,355	15,206	25,561	1,650
Total Europe										
1992	59,992	3.99	239,591	63,263	37,834	63,742	126,367	100,105	222,298	52,972
1993	58,098	4.20	243,922	60,526	38,699	61,864	136,762	103,421	234,826	47,070
1994	59,127	4.25	251,420	52,047	35,939	59,825	138,352	106,375	239,357	43,312

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 17: Supply and use of rapeseed in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
-----1,000 tons-----											
European Union											
Belgium-Luxembourg											
1992	7	2.86	20	25	502	2	520	500	--	20	25
1993	9	2.78	25	25	622	2	645	615	--	30	25
1994	9	2.78	25	25	647	2	670	640	--	30	25
Denmark											
1992	170	2.39	406	--	95	32	469	350	--	119	--
1993	164	2.54	417	--	75	--	492	405	--	87	--
1994	170	2.45	416	--	100	--	516	430	--	86	--
France											
1992	686	2.64	1,810	31	129	889	1,044	486	--	558	37
1993	565	2.54	1,570	37	325	680	1,225	820	--	405	27
1994	680	2.45	1,725	27	220	670	1,275	900	--	375	27
Germany											
1992	1,001	2.61	2,617	138	382	714	2,300	2,210	--	90	123
1993	1,007	2.83	2,846	123	475	700	2,632	2,542	--	90	112
1994	1,020	2.80	2,856	112	500	700	2,648	2,558	--	90	120
Greece											
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--	--
Ireland											
1992	5	2.00	10	--	5	10	5	5	--	--	--
1993	2	2.50	5	--	5	2	8	8	--	--	--
1994	2	2.50	5	--	5	2	8	8	--	--	--
Italy											
1992	8	2.38	19	--	14	--	33	33	--	--	--
1993	4	2.50	10	--	9	--	19	19	--	--	--
1994	8	2.38	19	--	10	--	29	29	--	--	--
Netherlands											
1992	4	3.50	14	4	361	28	341	316	--	25	10
1993	2	3.50	7	10	333	25	320	300	--	20	5
1994	2	2.50	5	5	375	25	355	340	--	15	5
Portugal											
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--	--
Spain											
1992	9	1.33	12	--	27	1	38	36	--	2	--
1993	10	1.20	12	--	27	2	37	34	--	3	--
1994	58	1.47	85	--	20	10	95	91	--	4	--
United Kingdom											
1992	422	2.73	1,150	--	160	150	1,160	1,060	--	100	--
1993	375	2.83	1,060	--	225	130	1,155	1,055	--	100	--
1994	412	2.68	1,105	--	200	105	1,200	1,100	--	100	--
Total EU-12 2/											
1992	2,312	2.62	6,058	555	1,675	1,826	5,910	4,996	--	914	195
1993	2,138	2.78	5,952	518	2,096	1,541	6,533	5,798	--	735	169
1994	2,361	2.64	6,241	539	2,077	1,514	6,796	6,096	--	700	177

See footnotes at end of table.

Continued--

Appendix table 17: Supply and use of rapeseed in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Endin stocks
-----1,000 tons-----											
Other Europe											
Austria											
1992	52	2.54	132	--	12	1	143	143	--	--	--
1993	58	2.16	125	--	10	1	134	134	--	--	--
1994	65	2.62	170	--	--	1	169	169	--	--	--
Finland											
1992	66	1.80	119	3	2	--	121	121	--	--	3
1993	70	1.81	127	3	2	--	127	127	--	--	5
1994	70	1.81	127	5	2	--	127	127	--	--	7
Norway											
1992	7	1.29	9	7	4	--	13	0	--	13	7
1993	7	1.29	9	7	4	--	13	0	--	13	7
1994	7	1.29	9	7	4	--	13	0	--	13	7
Sweden											
1992	127	1.94	247	--	46	6	289	285	--	4	--
1993	143	2.20	314	10	--	10	294	290	--	4	10
1994	150	2.27	340	14	--	27	309	305	--	4	14
Switzerland											
1992	17	2.65	45	--	--	--	45	44	--	1	--
1993	17	2.71	46	--	--	--	46	45	--	1	--
1994	17	2.71	46	--	--	--	46	45	--	1	--
Bulgaria											
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--	--
Former Czechoslovakia											
1992	149	2.52	375	--	--	--	375	370	--	5	--
1993	150	2.80	420	--	--	--	420	415	--	5	--
1994	150	2.80	420	--	--	--	420	415	--	5	--
Hungary											
1992	29	1.59	46	--	--	--	46	43	--	3	--
1993	23	1.13	26	--	--	--	26	23	--	3	--
1994	25	1.20	30	--	--	--	30	27	--	3	--
Poland											
1992	418	1.81	758	55	22	210	574	524	--	50	51
1993	349	1.70	595	51	30	50	575	525	--	50	51
1994	350	1.86	650	51	30	50	630	575	--	55	51
Romania											
1992	2	0.50	1	--	--	--	1	1	--	--	--
1993	2	0.50	1	--	--	--	1	1	--	--	--
1994	2	0.50	1	--	--	--	1	1	--	--	--
Total Europe											
1992	3,179	2.45	7,790	620	1,761	2,043	7,517	6,527	--	990	256
1993	2,957	2.58	7,615	589	2,142	1,602	8,169	7,358	--	811	242
1994	3,197	2.51	8,034	616	2,113	1,592	8,541	7,760	--	781	256

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 18: Supply and use of sunflowerseed in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
-----1,000 tons-----											
European Union											
Belgium-Luxembourg											
1992	--	--	--	20	220	1	219	215	--	4	20
1993	--	--	--	20	190	--	190	185	--	5	20
1994	--	--	--	20	190	--	190	185	--	5	20
Denmark											
1992	--	--	--	--	5	1	4	--	4	--	--
1993	--	--	--	--	5	1	4	--	4	--	--
1994	--	--	--	--	5	1	4	--	4	--	--
France											
1992	985	2.14	2,110	66	36	658	1,470	1,290	--	180	84
1993	820	2.04	1,670	84	146	600	1,254	1,140	--	114	46
1994	900	2.20	1,980	46	80	610	1,410	1,250	--	160	86
Germany											
1992	65	2.68	174	15	231	28	377	358	14	5	15
1993	82	2.61	214	15	230	25	419	399	15	5	15
1994	140	2.60	364	15	230	25	569	549	15	5	15
Greece											
1992	17	2.65	45	6	30	26	52	50	1	1	3
1993	15	2.53	38	3	30	20	47	45	1	1	4
1994	15	2.60	39	4	30	23	49	47	1	1	1
Ireland											
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--	--
Italy											
1992	120	2.16	259	110	153	1	491	484	7	--	30
1993	117	2.22	260	30	210	--	470	463	7	--	30
1994	170	2.18	370	30	150	--	520	513	7	--	30
Netherlands											
1992	--	--	--	4	428	5	424	420	4	--	3
1993	--	--	--	3	397	5	390	385	5	--	5
1994	--	--	--	5	400	5	395	390	5	--	5
Portugal											
1992	77	0.66	51	13	225	--	277	270	--	7	12
1993	102	0.44	45	12	230	--	275	265	--	10	12
1994	95	0.63	60	12	210	--	268	260	--	8	14
Spain											
1992	1,366	0.98	1,343	--	92	115	1,320	1,050	38	232	--
1993	1,700	0.71	1,215	--	105	25	1,295	1,020	37	238	--
1994	1,220	0.95	1,156	--	160	30	1,286	1,050	38	198	--
United Kingdom											
1992	--	--	--	5	105	--	105	105	--	--	5
1993	--	--	--	5	100	--	100	100	--	--	5
1994	--	--	--	5	160	--	120	120	--	--	45
Total EU-12 2/											
1992	2,630	1.51	3,982	687	1,525	861	4,739	3,972	--	429	172
1993	2,836	1.22	3,449	593	1,643	703	4,444	3,737	--	373	137
1994	2,540	1.56	3,968	558	1,615	720	4,811	4,104	--	377	216

See footnotes at end of table.

Continued--

Appendix table 18: Supply and use of sunflowerseed in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
Other Europe											
Austria											
1992	32	2.31	74	--	9	21	62	50	1	11	--
1993	35	2.80	98	--	10	42	66	53	1	12	--
1994	40	2.75	110	--	9	59	60	47	1	12	--
Finland											
1992	--	--	--	--	5	--	5	5	--	--	--
1993	--	--	--	--	5	--	5	5	--	--	--
1994	--	--	--	--	5	--	5	5	--	--	--
Norway											
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--	--
Sweden											
1992	--	--	--	--	7	--	7	--	7	--	--
1993	--	--	--	--	7	--	7	--	7	--	--
1994	--	--	--	--	7	--	7	--	7	--	--
Switzerland											
1992	--	--	--	--	9	--	9	9	--	--	--
1993	--	--	--	--	9	--	9	9	--	--	--
1994	--	--	--	--	9	--	9	9	--	--	--
Bulgaria											
1992	476	1.21	578	--	--	92	486	456	17	13	--
1993	470	0.94	440	--	--	130	310	259	28	23	--
1994	400	1.13	450	--	--	105	345	321	14	10	--
Former Czechoslovakia											
1992	50	2.30	115	--	4	40	79	77	1	1	--
1993	50	2.00	100	--	4	15	89	84	3	2	--
1994	50	2.20	110	--	4	20	89	84	3	2	5
Hungary											
1992	427	1.77	756	--	10	80	686	655	6	25	--
1993	392	1.79	700	--	8	98	610	584	6	20	--
1994	400	2.00	800	--	5	120	678	640	8	30	7
Poland											
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	--	--	--	--	--	--	--	--
1994	--	--	--	--	--	--	--	--	--	--	--
Romania											
1992	560	1.10	618	5	--	--	618	589	5	24	5
1993	590	1.18	696	5	--	--	696	666	5	25	5
1994	560	1.25	700	5	--	--	700	670	5	25	5
Total Europe											
1992	4,175	1.47	6,123	692	1,569	1,094	6,691	5,813	--	503	177
1993	4,373	1.25	5,483	598	1,686	988	6,236	5,397	--	455	142
1994	3,990	1.54	6,138	563	1,654	1,024	6,704	5,880	--	456	233

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are September 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 19: Supply and use of soybeans in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
-----1,000 tons-----											
European Union											
Belgium-Luxembourg											
1992	--	--	--	87	1,254	8	1,221	1,095	15	111	112
1993	--	--	--	112	1,100	30	1,082	967	15	100	100
1994	--	--	--	100	1,100	30	1,070	967	3	100	100
Denmark											
1992	--	--	--	6	58	--	62	60	--	2	2
1993	--	--	--	2	59	--	60	60	--	--	1
1994	--	--	--	1	60	--	60	60	--	--	1
France											
1992	41	1.61	66	27	651	8	734	403	5	326	2
1993	55	2.55	140	2	381	13	508	284	5	219	2
1994	90	2.30	207	2	250	20	425	300	5	120	14
Germany											
1992	1	3.00	3	160	3,303	7	3,269	3,107	56	106	190
1993	1	3.00	3	190	2,700	8	2,740	2,640	50	50	145
1994	1	3.00	3	145	2,850	5	2,843	2,743	50	50	150
Greece											
1992	3	5.00	15	10	345	--	358	358	--	--	12
1993	2	3.50	7	12	240	--	220	220	--	--	39
1994	--	--	--	39	210	--	230	230	--	--	19
Ireland											
1992	--	--	--	--	13	--	13	13	--	--	--
1993	--	--	--	--	15	--	15	15	--	--	--
1994	--	--	--	--	18	--	18	18	--	--	--
Italy											
1992	355	3.00	1,065	150	1,313	4	2,324	2,073	--	251	200
1993	170	3.44	585	200	1,400	--	2,035	1,835	--	200	150
1994	220	3.55	780	150	1,350	--	2,130	1,950	--	180	150
Netherlands											
1992	--	--	--	79	4,200	250	3,971	3,686	15	270	58
1993	--	--	--	58	4,092	250	3,850	3,575	15	260	50
1994	--	--	--	50	4,200	275	3,900	3,600	15	285	75
Portugal											
1992	--	--	--	15	535	5	527	342	--	185	18
1993	--	--	--	18	500	6	491	351	--	140	22
1994	--	--	--	22	450	6	450	350	--	100	16
Spain											
1992	16	2.06	33	16	2,483	3	2,512	2,127	5	380	17
1993	1	1.00	1	17	2,000	--	2,005	1,725	5	275	13
1994	4	3.00	12	13	2,300	--	2,315	2,000	5	310	10
United Kingdom											
1992	--	--	--	82	651	1	692	542	--	150	40
1993	--	--	--	40	636	1	655	536	--	119	20
1994	--	--	--	20	430	--	450	330	--	120	--
Total EU-12 2/											
1992	416	2.84	1,182	5,088	14,806	644	15,683	13,464	96	1,781	651
1993	229	3.25	744	4,913	13,123	528	13,661	11,857	90	1,363	542
1994	315	3.20	1,009	4,863	13,218	566	13,891	12,198	78	1,265	535

See footnotes at end of table.

Continued--

Appendix table 19: Supply and use of soybeans in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed and waste	Ending stocks
-----1,000 tons-----											
Other Europe											
Austria											
1992	53	1.74	92	--	6	22	76	--	4	72	--
1993	54	2.31	125	--	6	37	94	--	4	90	--
1994	60	2.25	135	--	6	43	98	--	5	93	--
Finland											
1992	--	--	--	5	149	--	149	149	--	--	5
1993	--	--	--	5	149	--	149	149	--	--	5
1994	--	--	--	5	149	--	149	149	--	--	5
Norway											
1992	--	--	--	--	--	--	--	--	--	--	--
1993	--	--	--	5	205	--	200	200	--	--	5
1994	--	--	--	5	200	--	200	200	--	--	5
Sweden											
1992	--	--	--	--	8	--	8	--	1	7	--
1993	--	--	--	--	8	--	8	--	1	7	--
1994	--	--	--	--	8	--	8	--	1	7	--
Switzerland											
1992	2	2.50	5	--	97	--	102	96	4	2	--
1993	2	2.50	5	--	95	--	100	94	4	2	--
1994	2	2.50	5	--	95	--	100	94	4	2	--
Bulgaria											
1992	11	1.82	20	4	45	--	69	64	--	5	--
1993	21	0.76	16	--	--	--	16	11	--	5	--
1994	18	1.11	20	--	--	--	20	15	--	5	--
Former Czechoslovakia											
1992	10	1.50	15	--	10	--	25	10	8	7	--
1993	10	1.50	15	--	8	--	23	11	7	5	--
1994	10	1.50	15	--	8	--	23	11	7	5	--
Hungary											
1992	28	1.39	39	--	--	--	39	5	1	33	--
1993	16	1.56	25	--	--	--	25	11	1	13	--
1994	25	2.00	50	--	--	--	50	10	1	39	--
Poland											
1992	--	--	--	--	70	--	70	65	5	--	--
1993	--	--	--	--	100	--	100	95	5	--	--
1994	--	--	--	--	120	--	120	115	5	--	--
Romania											
1992	166	0.76	126	25	120	--	249	229	5	15	22
1993	75	1.27	95	22	305	--	400	377	5	18	22
1994	50	1.20	60	22	300	--	382	362	5	15	--
Total Europe											
1992	686	2.16	1,479	5,127	15,311	666	16,470	14,082	124	1,922	678
1993	407	2.52	1,025	4,945	13,999	565	14,776	12,805	117	1,503	574
1994	480	2.70	1,294	4,895	14,104	609	15,041	13,154	106	1,431	545

/--/ indicates none or negligible.

NA = not applicable.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 20: Supply and use of total oilseeds in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed, seed & waste	Ending stocks
-----1,000 tons-----											
European Union											
Belgium-Luxembourg											
1992	7	2.86	20	132	1,987	13	1,969	1,810	24	135	157
1993	9	2.78	25	157	1,925	34	1,928	1,767	26	135	145
1994	9	2.78	25	145	1952	34	1943	1792	16	135	145
Denmark											
1992	170	2.39	406	6	160	33	537	412	4	121	2
1993	164	2.54	417	2	141	1	558	467	4	87	1
1994	170	2.45	416	1	167	1	582	492	4	86	1
France											
1992	1,712	2.33	3,986	124	887	1,568	3,306	2,179	63	1,064	123
1993	1,440	2.35	3,380	123	917	1,309	3,036	2,244	54	738	75
1994	1670	2.34	3912	75	605	1319	3146	2450	41	655	127
Germany											
1992	1,067	2.62	2,794	323	4,082	759	6,102	5,728	168	206	338
1993	1,090	2.81	3,063	338	3,565	742	5,942	5,632	160	150	282
1994	1161	2.78	3223	282	3747	739	6128	5898	170	150	295
Greece											
1992	296	1.67	493	48	378	42	843	743	1	99	49
1993	357	1.57	562	34	272	45	742	655	1	86	42
1994	385	1.51	580	81	240	53	785	693	1	91	
Ireland											
1992	5	2.00	10	--	18	10	18	5	--	13	--
1993	2	2.50	5	--	20	2	23	8	--	15	--
1994	2	2.5	5	--	23	2	26	8	--	18	--
Italy											
1992	484	2.78	1,344	260	1,591	5	2,960	2,682	26	252	230
1993	292	2.93	856	230	1,731	--	2,637	2,409	27	201	180
1994	399	2.93	1170	180	1623	--	2793	2584	28	181	180
Netherlands											
1992	4	3.50	14	121	5,195	380	4,871	4,437	119	315	79
1993	2	3.50	7	79	5,034	370	4,680	4,270	110	300	70
1994	2	2.5	5	70	5190	395	4775	4340	125	310	95
Portugal											
1992	77	0.66	51	29	788	5	832	637	3	192	31
1993	102	0.45	46	31	759	8	795	642	3	150	35
1994	95	0.63	60	35	702	6	760	647	5	108	31
Spain											
1992	1,467	1.02	1,503	17	2,682	123	4,061	3,223	74	764	17
1993	1,744	0.73	1,281	13	2,224	27	3,482	2,789	75	618	13
1994	1318	1	1315	10	2570	40	3848	3151	74	623	10
United Kingdom											
1992	422	2.73	1,150	97	1,066	154	2,104	1,737	117	250	55
1993	375	2.83	1,060	55	1,118	134	2,064	1,721	124	219	35
1994	412	2.68	1105	35	945	108	1922	1565	127	230	55
Total EU-12 2/											
1992	5,711	2.06	11,771	1,157	18,834	3,092	27,603	23,593	599	3,411	1,081
1993	5,577	1.92	10,702	1,062	17,706	2,670	25,887	22,604	584	2,699	878
1994	5,623	2.10	11,816	914	17,764	2,697	26,708	23,620	591	2,587	939

See footnotes at end of table.

Continued--

Appendix table 20: Supply and use of total oilseeds in Europe, 1992-94 1/

Country and year	Area harvested 1,000 ha	Yield Tons/ha	Production	Beginning stocks	Total imports	Total exports	Total use	Amount crushed	Food use	Feed,seed & waste	Ending stocks
-----1,000 tons-----											
Other Europe											
Austria											
1992	137	2.18	298	--	32	44	286	193	10	83	--
1993	147	2.37	348	--	32	80	300	187	11	102	--
1994	165	2.52	415	--	20	103	332	216	11	105	--
Finland											
1992	66	1.80	119	8	156	--	275	275	--	--	8
1993	70	1.81	127	8	156	--	281	281	--	--	10
1994	70	1.81	127	10	156	--	281	281	--	--	12
Norway											
1992	7	1.29	9	7	14	--	23	6	4	13	7
1993	7	1.29	9	7	219	--	223	206	4	13	12
1994	7	1.29	9	12	214	--	223	206	4	13	12
Sweden											
1992	127	1.94	247	2	79	6	322	300	11	11	--
1993	143	2.00	314	--	33	10	327	305	11	11	10
1994	150	2.27	340	10	32	27	341	319	11	11	14
Switzerland											
1992	19	2.63	50	--	138	--	188	177	8	3	--
1993	19	2.68	51	--	138	--	189	177	9	3	--
1994	19	2.68	51	--	137	--	188	177	8	3	--
Bulgaria											
1992	498	1.21	604	4	45	92	561	526	17	18	--
1993	498	0.92	458	--	--	130	328	270	28	30	--
1994	428	1.08	462	--	--	95	367	336	14	17	--
Former Czechoslovakia											
1992	209	2.42	505	--	22	40	487	465	9	13	--
1993	210	2.55	535	--	22	15	542	520	10	12	--
1994	210	2.55	535	--	20	15	540	518	10	12	--
Hungary											
1992	484	1.74	841	--	11	80	772	703	8	61	--
1993	431	1.74	751	--	9	98	662	612	8	42	--
1994	450	1.96	880	--	6	120	759	677	10	72	7
Poland											
1992	418	1.81	758	55	92	210	644	589	5	50	51
1993	349	1.7	595	51	130	50	675	620	5	50	51
1994	350	1.86	650	51	150	50	750	690	5	55	51
Romania											
1992	783	1.15	901	30	120	--	644	589	5	50	51
1993	667	1.19	762	27	305	--	675	620	5	50	51
1994	612	1.13	691	27	300	--	750	690	5	50	51
Total Europe											
1992	8,459	20	16,103	1,263	19,543	3,564	31,805	27,416	676	3,713	1,198
1993	8,118	20	14,652	1,155	18,750	3,053	30,089	26,402	675	3,012	1,012
1994	8,084	21	15,976	1,024	18,799	3,107	31,239	27,730	669	2,925	1,086

/--/ indicates none, negligible or not available.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 21: Supply and use of sugar in Europe, 1992-94 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Union	-----1,000 tons-----					
Belgium-Luxembourg						
1992	970	159	226	774	518	63
1993	1,134	63	255	835	517	100
1994	950	100	270	730	500	90
Denmark						
1992	447	66	17	189	294	47
1993	566	47	21	278	296	60
1994	530	60	10	240	300	60
France						
1992	4,723	591	424	2,756	2,274	708
1993	4,772	708	360	2,968	2,176	696
1994	4,300	696	402	2,685	2,052	661
Germany						
1992	4,401	340	154	1,579	2,958	358
1993	4,750	358	153	1,927	2,973	361
1994	4,100	361	155	1,343	2,950	323
Greece						
1992	385	53	5	25	345	73
1993	334	73	5	10	340	62
1994	310	62	15	--	338	49
Ireland						
1992	242	127	7	88	168	120
1993	192	120	8	46	170	104
1994	230	104	8	57	170	115
Italy						
1992	2,043	333	149	349	1,790	375
1993	1,543	375	175	140	1,790	163
1994	1,720	163	200	80	1,790	213
Netherlands						
1992	1,250	137	120	513	847	147
1993	1,228	147	121	548	861	87
1994	1,100	87	120	350	850	107
Portugal						
1992	2	123	253	--	318	60
1993	4	60	308	--	319	53
1994	10	53	310	--	320	53
Spain						
1992	1,037	125	377	92	1,228	219
1993	1,343	219	150	150	1,225	337
1994	1,160	337	100	100	1,230	267
United Kingdom						
1992	1,600	281	1,375	310	2,530	416
1993	1,561	416	1,354	362	2,529	440
1994	1,400	440	1,335	340	2,510	325
Total EU-12 2/						
1992	17,100	2,335	3,107	6,675	13,270	2,586
1993	17,427	2,586	2,910	7,264	13,196	2,463
1994	15,810	2,463	2,925	5,925	13,010	2,263

See footnotes at end of table.

Continued --

Appendix table 21: Supply and use of sugar in Europe, 1992-94 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----						
Other Europe						
Austria						
1992	437	36	--	25	422	26
1993	519	26	--	76	429	40
1994	490	40	--	67	431	32
Finland						
1992	159	54	75	28	231	29
1993	154	29	105	30	241	17
1994	155	17	105	30	232	15
Norway						
1992	--	11	170	--	170	11
1993	--	11	170	--	170	11
1994	--	11	170	--	170	11
Sweden						
1992	317	94	22	12	360	61
1993	394	61	3	15	360	83
1994	390	83	5	35	360	83
Switzerland						
1992	150	149	138	--	293	144
1993	150	144	138	--	293	139
1994	150	139	138	--	293	134
Former Czechoslovakia						
1992	750	202	60	68	800	144
1993	765	144	130	100	790	149
1994	600	149	180	40	790	99
Hungary						
1992	360	70	30	50	350	60
1993	260	60	120	30	365	45
1994	400	45	20	40	375	50
Poland						
1992	1,567	45	16	11	1,565	52
1993	2,270	52	--	550	1,600	172
1994	1,850	172	--	270	1,600	152
Total Europe						
1992	20,840	2,996	3,618	6,869	17,461	3,113
1993	21,939	3,113	3,576	8,065	17,444	3,119
1994	19,845	3,119	3,543	6,407	17,261	2,839

/--/ indicates none or negligible.

1/ Data for 1993 are preliminary; 1994 values are September 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 22: Supply and use of beef and veal in Europe, 1992-94 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
	--1,000 head--						
European Union	-----1,000 tons-----						
Belgium-Luxembourg							
1992	1,104	360	6	21	148	236	3
1993	1,101	362	3	21	147	238	1
1994	1,080	358	1	23	149	231	2
Denmark							
1992	857	217	52	51	146	116	58
1993	800	202	58	49	151	116	42
1994	770	198	42	50	144	116	30
France							
1992	6,861	1,831	165	428	562	1,659	203
1993	6,300	1,686	203	538	570	1,782	75
1994	6,270	1,730	75	533	555	1,733	50
Germany							
1992	6,161	1,826	127	479	672	1,586	174
1993	5,320	1,708	174	445	660	1,540	127
1994	5,400	1,753	127	460	655	1,545	140
Greece							
1992	325	80	4	151	1	220	14
1993	313	79	14	145	1	224	13
1994	320	81	13	137	1	223	7
Ireland							
1992	1,708	565	465	9	495	61	483
1993	1,600	530	483	9	570	62	390
1994	1,580	520	390	9	551	62	306
Italy							
1992	5,067	1,220	67	479	164	1,500	102
1993	4,900	1,180	102	469	100	1,559	92
1994	4,900	1,180	92	459	140	1,499	92
Netherlands							
1992	2,596	635	1	119	457	296	2
1993	2,459	604	2	124	450	278	2
1994	2,300	564	2	125	450	239	2
Portugal							
1992	565	135	19	48	5	170	27
1993	529	130	27	45	10	165	27
1994	515	128	27	50	10	164	31
Spain							
1992	2,208	539	14	57	78	517	15
1993	2,150	520	15	65	85	514	1
1994	2,000	495	1	70	55	511	0
United Kingdom							
1992	3,386	959	170	335	145	1,134	185
1993	3,064	888	185	331	175	1,087	142
1994	3,420	988	142	313	176	1,138	129
Total EU-12 2/							
1992	30,838	8,367	1,090	2,177	2,873	7,495	1,266
1993	28,536	7,889	1,266	2,241	2,919	7,565	912
1994	28,555	7,995	912	2,229	2,886	7,461	789

See footnotes at end of table.

Continued --

Appendix table 22: Supply and use of beef and veal in Europe, 1992-94 1/

Country and year	Other Europe, 1992-94						
	Slaughter --1,000 head--	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----							
Other Europe							
Austria							
1992	859	239	1	1	72	167	2
1993	825	230	2	1	66	166	1
1994	800	224	1	2	60	166	1
Finland							
1992	490	117	3	--	16	99	5
1993	454	107	5	--	14	93	5
1994	444	104	5	--	12	92	5
Norway							
1992	351	84	1	1	3	80	--
1993	--	--	3	--	--	--	--
1994	--	--	--	--	--	--	--
Sweden							
1992	495	127	1	28	8	146	2
1993	533	139	2	17	8	148	2
1994	528	140	2	13	6	149	--
Switzerland							
1992	825	165	9	9	0	177	6
1993	805	170	6	10	1	179	6
1994	770	168	6	9	1	177	5
Bulgaria							
1992	657	122	5	--	5	117	5
1993	400	74	5	--	3	76	0
1994	400	70	--	--	1	67	2
Former Czechoslovakia							
1992	1,652	468	6	1	40	430	5
1993	1,600	450	5	1	40	412	4
1994	--	--	4	--	--	--	--
Hungary							
1992	391	100	42	1	40	70	33
1993	325	95	33	3	40	70	21
1994	--	--	21	--	--	--	--
Poland							
1992	3,699	634	20	34	20	658	10
1993	3,169	508	10	50	15	543	10
1994	2,950	484	10	70	10	544	10
Romania							
1992	1,502	305	20	3	5	288	35
1993	917	190	35	--	2	203	20
1994	1,076	220	20	3	3	215	25
Total Europe							
1992	41,759	10,728	1,198	2,255	3,082	9,727	1,369
1993	37,564	9,852	1,372	2,323	3,108	9,455	981
1994	34,753	9,237	975	2,317	2,978	8,694	832

/--/ indicates none or negligible.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 23: Supply and use of pork in Europe, 1992-94 1/

Country and year	Slaughter	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Union	--1,000 head--					1,000 tons--	
Belgium-Luxembourg							
1992	10,353	937	--	60	449	548	--
1993	10,521	944	--	55	444	555	--
1994	10,450	926	--	58	424	560	--
Denmark							
1992	18,442	1,383	69	10	1,027	334	101
1993	19,612	1,490	101	10	1,106	365	130
1994	20,400	1,530	130	10	1,210	375	85
France							
1992	22,458	1,994	--	449	295	2,148	--
1993	24,165	2,139	--	391	334	2,191	5
1994	25,180	2,296	5	333	403	2,226	5
Germany							
1992	40,771	3,127	3	818	135	3,810	3
1993	40,750	3,125	3	900	110	3,915	3
1994	2,190	3,170	3	970	110	4,010	23
Greece							
1992	2,260	153	4	76	--	214	19
1993	2,258	140	19	80	--	215	24
1994	2,212	130	24	90	--	220	24
Ireland							
1992	2,964	203	--	18	86	135	--
1993	3,200	220	--	18	98	140	--
1994	3,300	228	--	18	101	145	--
Italy							
1992	12,259	1,342	77	708	45	1,820	262
1993	12,100	1,285	262	733	52	1,830	398
1994	12,079	1,285	398	763	56	1,845	545
Netherlands							
1992	18,789	1,584	5	83	1,028	639	5
1993	20,300	1,709	5	53	1,088	674	5
1994	19,744	1,718	5	70	1,113	675	5
Portugal							
1992	3,183	237	6	41	--	270	14
1993	3,174	235	14	50	--	280	19
1994	3,165	234	19	55	--	285	23
Spain							
1992	24,990	1,918	--	64	24	1,958	--
1993	27,190	2,070	--	35	50	2,003	52
1994	27,145	1,980	52	40	42	2,010	20
United Kingdom							
1992	14,321	983	12	443	98	1,328	12
1993	14,739	1,022	12	444	101	1,362	15
1994	14,920	1,035	15	444	103	1,375	16
EU-12 2/							
1992	170,790	13,861	176	2,770	3,187	13,204	416
1993	178,009	14,379	416	2,769	3,383	13,530	651
1994	140,785	14,532	651	2,851	3,562	13,726	746

See footnotes at end of table.

Continued--

Appendix table 23: Supply and use of pork in Europe, 1992-94 1/

Country and year	Slaughter --1,000 head--	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----							
Other Europe							
Austria							
1992	5,163	401	--	--	--	399	2
1993	5,266	408	2	--	5	403	2
1994	5,300	409	2	--	6	403	2
Finland							
1992	2,296	175	5	--	14	161	5
1993	2,203	168	5	--	11	157	5
1994	2,190	168	5	--	10	158	5
Norway							
1992	--	85	9	1	1	86	8
1993	--	--	8	--	--	--	--
1994	--	--	--	--	--	--	--
Sweden							
1992	3,402	277	1	23	15	285	1
1993	3,603	295	1	12	11	296	1
1994	3,683	301	1	10	9	302	1
Switzerland							
1992	3,179	264	--	5	--	267	2
1993	3,206	263	2	6	--	269	2
1994	3,210	263	2	7	--	271	1
Bulgaria							
1992	4,815	312	10	--	--	322	--
1993	4,170	266	--	--	--	266	--
1994	3,800	242	--	--	--	242	--
Former Czechoslovakia							
1992	7,704	809	7	--	7	805	4
1993	7,700	809	4	--	6	805	2
1994	--	--	2	--	--	--	--
Hungary							
1992	7,399	570	80	6	69	537	50
1993	7,094	520	50	5	43	492	40
1994	6,095	480	40	--	60	430	30
Poland							
1992	23,500	2,052	40	35	14	2,073	40
1993	23,000	2,011	40	70	10	2,071	40
1994	19,550	1,710	40	100	10	1,800	40
Romania							
1992	7,302	490	25	--	33	447	35
1993	3,652	240	35	--	--	260	15
1994	6,400	425	15	--	25	385	30
Total Europe							
1992	235,550	19,296	353	2,840	3,340	18,586	563
1993	237,903	19,359	563	2,862	3,469	18,549	758
1994	191,013	18,530	758	2,968	3,682	17,717	855

/--/ indicates none or negligible.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports include intra-EU trade.

Source: USDA.

Appendix table 24: Supply and use of poultry in Europe, 1992-1994 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----						
European Union						
Belgium-Luxembourg						
1992	189	--	65	88	166	--
1993	188	--	71	93	166	--
1994	187	--	73	94	166	--
Denmark						
1992	158	13	12	92	66	25
1993	163	25	14	118	70	14
1994	170	14	16	123	75	2
France						
1992	1,866	57	85	659	1,268	81
1993	1,860	81	76	665	1,280	72
1994	1,845	72	70	648	1,260	79
Germany						
1992	604	--	500	98	1,006	--
1993	630	--	500	100	1,030	--
1994	650	--	500	95	1,055	--
Greece						
1992	175	13	14	2	175	25
1993	168	25	14	3	176	28
1994	162	28	14	3	176	25
Ireland						
1992	81	--	8	5	84	--
1993	81	--	8	--	89	--
1994	--	--	--	--	--	--
Italy						
1992	1,057	--	51	30	1,078	--
1993	1,065	--	51	33	1,083	--
1994	1,065	--	52	33	1,084	--
Netherlands						
1992	577	22	170	462	282	23
1993	565	23	212	483	292	25
1994	585	25	210	490	300	30
Portugal						
1992	237	5	4	12	229	5
1993	242	5	5	13	232	7
1994	243	7	7	13	236	8
Spain						
1992	867	--	81	7	941	--
1993	874	--	78	7	945	--
1994	874	--	82	6	950	--
United Kingdom						
1992	1,511	28	191	120	1,596	41
1993	1,554	41	172	124	1,611	32
1994	1,595	32	162	128	1,634	27
Total EU-12 2/						
1992	7,322	138	1,181	1,575	6,891	200
1993	7,390	200	1,201	1,639	6,974	178
1994	7,376	178	1,186	1,633	6,936	171

See footnotes at end of table.

Continued--

Appendix table 24: Supply and use of poultry in Europe, 1992-1994 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----						
Other Europe						
Austria						
1992	88	--	15	--	103	--
1993	91	--	15	--	106	--
1994	93	--	16	--	109	--
Finland						
1992	36	4	--	--	37	4
1993	34	4	--	--	36	2
1994	36	2	--	--	36	2
Sweden						
1992	36	--	42	--	78	--
1993	37	--	42	--	79	--
1994	--	--	--	--	--	--
Switzerland						
1992	36	--	42	--	78	--
1993	37	--	42	--	79	--
1994	--	--	--	--	--	--
Bulgaria						
1992	175	--	--	--	175	--
1993	175	--	--	--	175	--
1994	--	--	--	--	--	--
Former Czechoslovakia						
1992	215	--	6	13	208	--
1993	220	--	6	14	212	--
1994	--	--	--	--	--	--
Hungary						
1992	320	10	--	100	240	20
1993	320	20	--	95	225	20
1994	320	20	--	100	230	20
Poland						
1992	336	5	40	13	348	20
1993	310	20	25	12	333	10
1994	340	10	25	11	359	5
Romania						
1992	190	10	48	--	240	8
1993	160	8	55	--	218	5
1994	--	5	--	--	--	--
Total Europe						
1992	8,754	167	1,374	1,701	8,398	252
1993	8,774	252	1,386	1,760	8,437	215
1994	8,165	215	1,227	1,744	7,670	198

/--/ indicates none or negligible.

1/ Data for 1993 are preliminary; 1994 values are August 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 25: Supply and use of eggs in Europe, 1992-94 1/

Country and year	Number of layers	Production	Beginning stocks	Total imports	Total exports	Table egg consumption	Ending stocks
European Union	Million hens	-----Million eggs-----					
Belgium-Luxembourg							
1992	9	3,196	--	1,115	1,843	2,468	--
1993	9	3,203	--	1,124	1,862	2,465	--
1994	9	3,208	--	1,124	1,870	2,462	--
Denmark							
1992	4	1,440	380	194	170	1,363	481
1993	4	1,300	481	170	172	1,350	429
1994	4	1,300	429	170	172	1,350	377
France							
1992	55	15,375	121	1,321	1,170	15,510	190
1993	55	15,400	190	1,220	1,300	15,310	200
1994	55	15,400	200	1,220	1,300	15,310	210
Germany							
1992	57	15,165	--	5,467	1,100	19,532	--
1993	50	14,700	--	5,470	1,490	18,680	--
1994	50	14,800	--	5,820	1,415	19,205	--
Greece							
1992	26	2,495	13	35	30	2,535	13
1993	26	2,540	28	35	25	2,535	28
1994	26	2,500	19	36	25	2,520	19
Ireland							
1992	3	640	--	210	6	844	--
1993	--	--	--	210	--	--	--
1994	--	--	--	--	--	--	--
Italy							
1992	52	11,454	--	1,006	51	12,409	--
1993	52	11,470	--	970	40	12,400	--
1994	52	11,470	--	970	40	12,400	--
Netherlands							
1992	33	10,458	--	798	7,869	3,387	--
1993	32	1,000	--	800	7,380	3,420	--
1994	31	10,100	--	900	7,550	3,450	--
Portugal							
1992	7	1,814	--	6	53	1,731	36
1993	6	1,840	36	7	43	1,823	17
1994	7	1,860	17	8	8	1,877	--
Spain							
1992	36	8,675	--	243	49	8,869	--
1993	38	8,985	--	246	53	9,178	--
1994	38	9,000	--	256	63	9,193	--
United Kingdom							
1992	45	10,699	--	846	245	11,300	--
1993	44	10,680	--	855	251	11,284	--
1994	44	10,720	--	859	251	11,328	--
EU-12 2/							
1992	327	81,411	514	11,241	12,586	79,948	720
1993	316	71,118	735	11,107	12,616	78,445	674
1994	316	80,358	665	11,363	12,694	79,095	606

See footnotes at end of table.

Continued--

Appendix table 25: Supply and use of eggs in Europe, 1992-94 1/

Country and year	Number of layers	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----Million eggs-----							
Other Europe							
Austria							
1992	9	1,690	--	296	--	1,986	--
1993	9	1,700	--	303	--	2,003	--
1994	9	1,700	--	308	--	2,008	--
Finland							
1992	4	1,087	--	--	191	896	--
1993	4	1,120	--	--	230	890	--
1994	4	1,120	--	--	230	890	--
Switzerland							
1992	3	628	18	778	--	1,404	20
1993	3	631	20	778	--	1,408	21
1994	--	--	21	--	--	--	--
Poland							
1992	39	6,300	90	965	10	7,245	100
1993	38	6,200	100	515	20	6,695	100
1994	39	6,300	100	515	10	6,805	100
Romania							
1992	50	6,700	150	--	--	6,750	100
1993	42	5,450	100	--	--	5,450	100
1994	--	--	100	--	--	--	--
Total Europe							
1992	432	97,816	772	13,280	12,787	98,229	940
1993	412	86,219	955	12,703	12,866	94,891	895
1994	368	89,478	886	12,186	12,934	88,798	706

/--/ indicates none or negligible.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 26: Supply and use of butter in Europe, 1992-94 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Union	-----1,000 tons-----					
Belgium-Luxembourg						
1992	75	16	125	136	63	17
1993	76	17	124	138	62	17
1994	75	17	130	141	61	20
Denmark						
1992	62	5	12	48	29	2
1993	60	2	12	47	27	--
1994	58	--	12	45	25	--
France						
1992	444	27	128	98	482	19
1993	436	19	128	100	447	35
1994	437	35	131	107	476	20
Germany						
1992	474	62	126	65	557	40
1993	479	40	130	60	554	35
1994	480	35	130	60	550	35
Greece						
1992	7	2	6	--	13	2
1993	7	2	6	--	13	2
1994	6	2	6	--	13	1
Ireland						
1992	142	117	2	159	14	88
1993	137	88	2	147	14	66
1994	137	66	1	140	12	52
Italy						
1992	76	23	46	19	100	26
1993	75	26	40	23	99	19
1994	74	19	40	24	98	11
Netherlands						
1992	191	21	94	206	86	21
1993	193	20	90	189	95	20
1994	190	20	70	180	80	20
Portugal						
1992	16	1	--	4	9	4
1993	17	4	--	4	12	5
1994	18	5	--	3	15	5
Spain						
1992	29	40	5	24	15	35
1993	27	35	5	24	15	28
1994	25	28	5	20	15	23
United Kingdom						
1992	99	42	128	51	177	41
1993	103	41	95	69	154	16
1994	100	16	98	57	145	12
EU-12 2/						
1992	1,615	356	672	810	1,545	295
1993	1,610	294	632	801	1,492	243
1994	1,600	243	623	777	1,490	199

See footnotes at end of table.

Continued--

Appendix table 26: Supply and use of butter in Europe, 1992-94 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----						
Other Europe						
Austria						
1992	43	--	--	--	41	2
1993	44	2	--	--	43	3
1994	43	3	--	1	42	3
Finland						
1992	56	5	--	18	37	6
1993	57	6	--	18	37	8
1994	57	8	--	20	37	8
Norway						
1992	23	4	--	7	17	3
1993	22	3	--	5	16	4
1994	--	4	--	--	--	--
Sweden						
1992	65	2	--	17	47	3
1993	69	3	--	21	48	3
1994	72	3	--	23	48	4
Switzerland						
1992	38	5	5	--	43	5
1993	38	5	5	--	44	4
1994	38	5	6	--	44	4
Poland						
1992	180	5	19	1	184	19
1993	165	19	20	3	184	17
1994	160	17	20	3	180	14
Romania						
1992	20	6	12	--	34	19
1993	18	4	6	--	26	17
1994	18	2	11	--	28	14
Total Europe						
1992	2,040	383	708	853	1,948	352
1993	2,001	336	663	848	1,890	299
1994	1,988	285	660	824	1,869	246

/--/ indicates none or negligible.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 27: Supply and use of cheese in Europe, 1992-94 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
European Union	-----1,000 tons-----					
Belgium-Luxembourg						
1992	51	3	160	93	118	3
1993	52	3	161	93	120	3
1994	53	3	164	96	121	3
Denmark						
1992	290	39	19	219	79	50
1993	315	50	19	254	80	50
1994	315	50	19	260	81	43
France						
1992	1,530	--	122	364	1,288	--
1993	1,535	--	127	370	1,292	--
1994	1540	--	127	370	1297	--
Germany						
1992	783	91	396	288	928	54
1993	814	54	400	284	929	55
1994	820	55	410	295	935	55
Greece						
1992	200	80	49	13	235	81
1993	203	81	50	13	235	86
1994	202	86	50	13	236	89
Ireland						
1992	95	6	10	91	18	2
1993	96	2	10	83	19	6
1994	96	6	10	87	19	6
Italy						
1992	890	618	294	93	985	724
1993	885	724	280	105	1,000	784
1994	880	784	270	115	1020	799
Netherlands						
1992	636	95	81	498	215	99
1993	641	99	77	505	215	97
1994	643	97	80	510	220	90
Portugal						
1992	65	--	6	2	69	--
1993	64	--	8	2	70	--
1994	62	--	10	2	70	--
Spain						
1992	154	31	55	10	199	31
1993	142	31	63	12	193	31
1994	135	31	70	13	192	31
United Kingdom						
1992	324	125	188	48	470	119
1993	317	119	175	56	459	96
1994	316	96	195	54	466	87
EU-12 2/						
1992	5,018	1,088	1,380	1,719	4,604	1,163
1993	5,064	1,163	1,370	1,777	4,612	1,208
1994	5,062	1,208	1,405	1,815	4,657	1,203

See footnotes at end of table.

Continued--

Appendix table 27: Supply and use of cheese in Europe, 1992-94

Appendix table 27. Supply and use of cheese in Europe, 1992-94						
Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----						
Other Europe						
Austria						
1992	84	6	13	27	68	8
1993	83	8	15	30	69	7
1994	82	7	16	31	70	4
Finland						
1992	76	8	2	24	53	9
1993	76	9	3	26	53	9
1994	75	9	3	24	54	9
Norway						
1992	79	24	2	24	58	24
1993	78	24	2	23	57	24
1994	--	--	--	--	--	--
Sweden						
1992	110	37	21	2	129	37
1993	115	37	20	4	130	38
1994	120	38	20	7	131	40
Switzerland						
1992	141	23	28	67	105	20
1993	141	20	30	64	107	20
1994	141	20	31	65	108	19
Poland						
1992	101	20	17	6	117	15
1993	103	15	15	5	115	13
1994	104	13	15	5	114	13
Total Europe						
1992	5,609	1,206	1,463	1,869	5,134	1,276
1993	5,660	1,276	1,455	1,929	5,143	1,319
1994	5,584	1,295	1,490	1,947	5,134	1,288

/--/ indicates none, negligible, or not available.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 28: Supply and use of fluid milk in Europe, 1992-94 1/

Country and year	Milk Cow	Production	Beginning stocks	Total imports	Total exports	Consumption	Feed Use	Fluid Use	Factory Use	Other Milk Products	Ending stocks
European Union	1000										
Belgium-Luxembourg	--head--										
1992	849	3,775	--	170	694	3,251	312	400	2,539	--	--
1993	802	3,762	--	185	645	3,302	288	403	2,611	--	--
1994	782	3,744	--	190	608	3,326	280	402	2,644	--	--
Denmark											
1992	746	4,605	--	7	22	4,590	125	579	3,886	--	--
1993	708	4,650	--	5	21	4,634	125	573	3,936	--	--
1994	700	4,600	--	5	20	4,585	125	570	3,890	--	--
France											
1992	4,900	25,300	--	373	694	25,399	700	4,550	20,149	420	--
1993	4,700	25,000	--	450	750	25,100	600	4,500	20,000	400	--
1994	4,600	24,900	--	450	750	25,000	500	4,500	20,000	400	--
Germany											
1992	5,382	28,106	--	183	1,635	26,654	1,907	5,784	18,963	--	--
1993	5,252	28,200	--	176	1,510	26,866	1,900	6,000	18,966	--	--
1994	5,250	28,280	--	170	1,520	26,930	1,900	6,200	18,830	--	--
Greece											
1992	235	690	--	145	--	1,921	--	860	1,061	1,086	--
1993	233	695	--	144	--	1,939	--	862	1,077	1,100	--
1994	230	690	--	145	--	1,920	--	863	1,057	1,085	--
Ireland											
1992	1,293	5,588	--	72	49	5,611	200	654	4,757	--	--
1993	1,262	5,528	--	70	50	5,548	200	657	4,691	--	--
1994	1,257	5,523	--	70	50	5,543	200	662	4,681	--	--
Italy											
1992	2,535	11,300	--	1,489	3	13,615	--	4,200	9,415	829	--
1993	2,443	10,800	--	1,480	2	13,108	--	4,100	9,008	830	--
1994	2,350	10,300	--	1,600	2	12,728	--	4,000	8,728	830	--
Netherlands											
1992	1,739	10,901	--	922	125	11,706	277	2,126	9,303	8	--
1993	1,710	11,000	--	1,000	130	11,880	270	2,130	9,480	10	--
1994	1,690	10,750	--	1,190	125	11,825	260	2,125	9,440	10	--
Portugal											
1992	404	1,741	--	2	5	1,875	2	760	1,113	137	--
1993	381	1,730	--	3	4	1,868	2	766	1,100	139	--
1994	379	1,760	--	4	4	1,901	2	800	1,099	141	--
Spain											
1992	1,600	6,000	--	252	7	6,965	170	4,280	2,515	720	--
1993	1,400	5,800	--	400	7	6,923	150	4,207	2,566	730	--
1994	1,300	5,600	--	500	5	6,825	100	4,200	2,525	730	--
United Kingdom											
1992	2,287	14,411	--	126	75	14,462	419	6,993	7,050	--	--
1993	2,279	14,570	--	75	114	14,531	455	6,983	7,093	--	--
1994	2,261	14,390	--	98	76	14,412	342	6,975	7,095	--	--
EU-12 2/											
1992	21,970	112,417	0	3,741	3,309	116,049	4,112	31,186	80,751	3,200	0
1993	21,170	111,735	0	3,988	3,233	115,699	3,990	31,181	80,528	3,209	0
1994	20,799	110,537	0	4,422	3,160	114,995	3,709	31,297	79,989	3,196	0

See footnotes at end of table.

Continued--

Appendix table 28: Supply and use of fluid milk in Europe, 1992-94 1/

Country and year	Milk Cows	Production	Beginning stocks	Total imports	Total exports	Consumption	Feed Use	Fluid Use	Factory Use	Other Milk Products	Ending stocks
	1,000 --head--						1,000 tons				
Other Europe											
Austria											
1992	841	3,254	--	--	5	3,263	560	1,089	1,641	14	--
1993	825	3,220	--	--	6	3,228	498	1,110	1,620	14	--
1994	815	3,200	--	--	5	3,209	474	1,120	1,615	14	--
Finland											
1992	427	2,467	--	2	--	2,469	51	726	1,692	--	--
1993	407	2,443	--	--	--	2,443	50	713	1,680	--	--
1994	400	2,433	--	--	--	2,433	49	707	1,677	--	--
Sweden											
1992	490	3,200	--	2	--	3,202	67	1,424	1,711	--	--
1993	490	3,349	--	2	--	3,351	66	1,421	1,864	--	--
1994	500	3,455	--	2	--	3,457	66	1,423	1,968	--	--
Switzerland											
1992	768	3,873	--	23	1	3,912	721	715	2,476	17	--
1993	762	3,870	--	25	2	3,910	730	710	2,470	17	--
1994	760	3,869	--	28	3	3,910	750	710	2,450	16	--
Poland											
1992	4,363	13,060	--	5	--	13,105	720	6,579	5,806	40	--
1993	4,111	12,650	--	40	--	12,720	617	6,200	5,903	30	--
1994	3,900	12,500	--	30	--	12,560	500	6,055	6,005	30	--
Romania											
1992	1,710	3,760	--	--	--	4,330	250	3,180	900	570	--
1993	1,530	3,520	--	--	--	4,120	210	2,810	1,100	600	--
1994	3,900	3,480	--	--	--	4,100	190	2,760	1,150	620	--
Total Europe											
1992	30,569	142,031	0	3,773	3,315	146,330	6,481	44,899	94,977	3,841	0
1993	29,295	140,787	0	4,055	3,241	145,471	6,161	44,145	95,165	3,870	0
1994	31,074	139,474	0	4,482	3,168	144,664	5,738	44,072	94,854	3,876	0

/--/ indicates none, negligible or not available.

1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

Appendix table 29: Supply and use of nonfat dry milk in Europe, 1992-94 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
-----1,000 tons-----						
European Union						
Belgium-Luxembourg						
1992	52	15	73	95	42	3
1993	64	3	71	86	46	6
1994	65	6	72	88	47	8
Denmark						
1992	13	--	9	8	14	--
1993	19	--	9	13	15	--
1994	10	--	10	6	14	--
France						
1992	405	9	99	78	395	40
1993	380	40	85	150	310	45
1994	350	45	85	150	310	20
Germany						
1992	391	177	24	454	110	28
1993	430	28	25	346	110	27
1994	435	27	25	345	115	27
Greece						
1992	--	--	8	--	8	--
1993	--	--	8	--	8	--
1994	--	--	8	--	8	--
Ireland						
1992	126	255	1	241	11	130
1993	140	130	1	150	11	110
1994	150	110	1	137	11	113
Italy						
1992	--	--	171	--	171	--
1993	--	--	160	--	160	--
1994	--	--	155	--	155	--
Netherlands						
1992	50	--	275	139	189	--
1993	60	--	220	95	185	--
1994	55	--	215	80	190	--
Portugal						
1992	12	--	2	3	11	--
1993	11	--	3	3	11	--
1994	10	--	3	3	10	--
Spain						
1992	23	21	15	26	32	1
1993	16	1	16	4	28	1
1994	12	1	18	3	27	1
United Kingdom						
1992	101	13	26	41	87	12
1993	110	12	13	45	80	10
1994	102	10	17	43	79	7
EU-12 2/						
1992	1,173	490	703	1,085	1,070	214
1993	1,230	214	611	892	964	199
1994	1,189	199	609	855	966	176

See footnotes at end of table.

Continued--

Appendix table 29: Supply and use of nonfat dry milk in Europe, 1992-94 1/

Country and year	Production	Beginning stocks	Total imports	Total exports	Consumption	Ending stocks
				-----1,000 tons-----		
Other Europe						
Austria						
1992	28	3	--	14	9	8
1993	30	8	--	20	11	7
1994	29	7	--	20	10	6
Finland						
1992	15	11	--	5	14	7
1993	16	7	--	3	15	5
1994	16	5	--	2	15	4
Sweden						
1992	30	2	--	5	21	6
1993	39	6	1	15	21	10
1994	48	10	1	26	21	12
Switzerland						
1992	26	6	--	7	19	6
1993	25	6	--	7	19	5
1994	25	5	--	6	19	5
Poland						
1992	139	26	2	123	40	4
1993	139	4	2	80	45	20
1994	120	20	--	80	50	10
Total Europe						
1992	1,411	538	705	1,239	1,173	245
1993	1,479	245	614	1,017	1,075	246
1994	1,427	246	610	989	1,081	213

/--/ indicates none, negligible or not available.

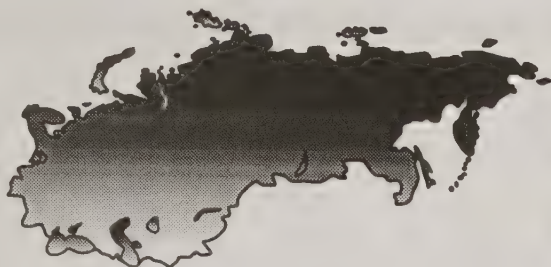
1/ Data for 1993 are preliminary; 1994 values are July 1994 forecasts.

2/ Imports/exports data include intra-EU trade.

Source: USDA.

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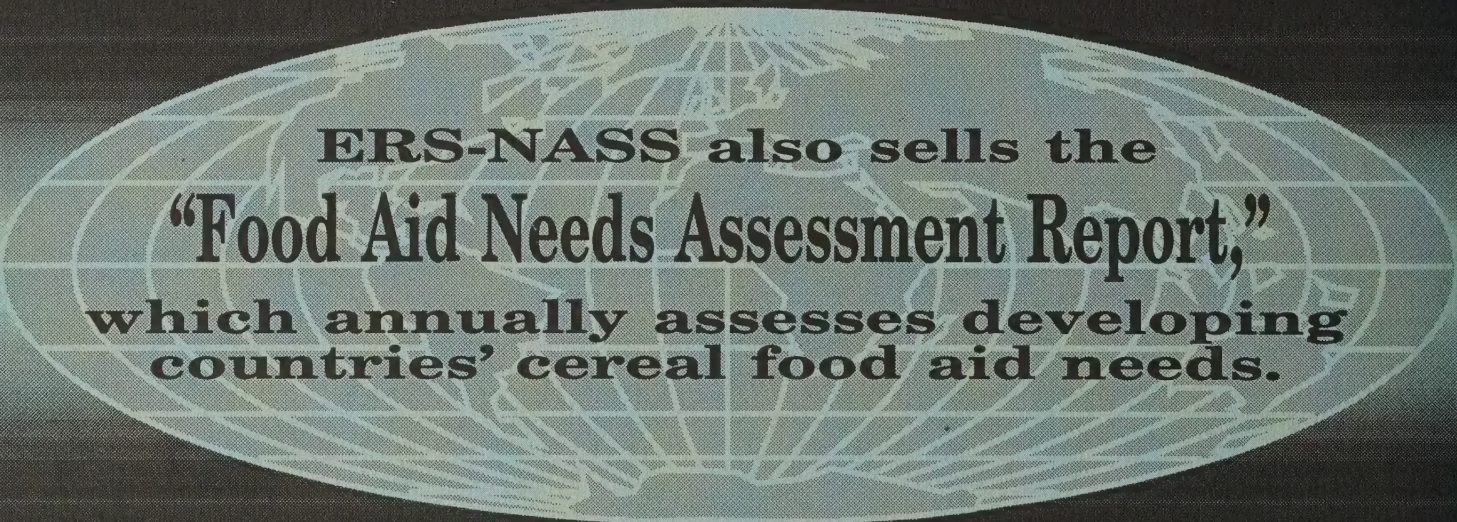
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